

EXHIBIT J

This SPECIAL MULTI-FLEX POLICY is provided by the insurance company(s) of The Hartford Insurance Group, shown below.

COMMON POLICY DECLARATIONS



POLICY NUMBER: 10 UUN UU5986 DB
RENEWAL OF: 10 UUN UU5986

Named Insured and Mailing Address:
(No., Street, Town, State, Zip Code)

SYNC SOUND, INC.

450 W 56TH STREET
NEW YORK , NY 10019
(NEW YORK COUNTY)

Policy Period: From 08/21/04 To 08/21/05

12:01 A.M., Standard time at your mailing address shown above.

In return for the payment of the premium, and subject to all of the terms of this policy, we agree with you to provide insurance as stated in this policy. The Coverage Parts that are a part of this policy are listed below. The Advance Premium shown may be subject to adjustment.

Total Advance Premium: \$24,360.39

Coverage Part and Insurance Company Summary

Advance Premium

IN RECOGNITION OF THE MULTIPLE COVERAGES INSURED WITH THE HARTFORD, YOUR POLICY PREMIUM INCLUDES AN ACCOUNT CREDIT.

PROPERTY CHOICE
HARTFORD FIRE INSURANCE COMPANY
HARTFORD PLAZA
HARTFORD, CONNECTICUT 06115

\$23,786.00

LISTING OF ADDITIONAL COVERAGE PARTS CONTINUED ON THE FOLLOWING PAGE.

Form Numbers of Coverage Parts, Forms and Endorsements that are a part of this policy and that are not listed in the Coverage Parts.

HM0001 IL00171198 IH00010795 IH01150795 IH09850203 IL00230498 IL01830498

LISTING OF ADDITIONAL FORM NUMBERS CONTINUED ON A SUBSEQUENT PAGE.

Agent/Broker Name: RBL ASSOCIATES, INC

This policy has been countersigned by our Authorized Representative.

Countersigned by

Francis P. Hunt
Authorized Representative

05/19/04

Date

SS 00181



COMMON POLICY DECLARATIONS (Continued)

POLICY NUMBER: 10 UUN UU5986

ADDITIONAL COVERAGE PARTS (CONTINUED)

COVERAGE PART AND INSURANCE COMPANY SUMMARY	ADVANCE PREMIUM
COMMERCIAL AUTO	
HARTFORD FIRE INSURANCE COMPANY	
HARTFORD PLAZA	
HARTFORD, CONNECTICUT 06115	\$ 261.00
COMMERCIAL GENERAL LIABILITY	
HARTFORD FIRE INSURANCE COMPANY	
HARTFORD PLAZA	
HARTFORD, CONNECTICUT 06115	\$ 154.00
NEW YORK FIRE FEE	\$159.39

FORM NUMBERS OF COVERAGE PARTS, FORMS AND ENDORSEMENTS THAT ARE A PART OF THIS POLICY AND THAT ARE NOT LISTED IN THE COVERAGE PART. (CONTINUED)

ILO2680700 PC00010103 HA00250200 HC00100798
 IH12001185 LOSS PAYEE/ADDITIONAL INSURED
 IH12001185 ADDITIONAL INSURED LESSOR/LOSS PAYEE
 IH12001185 ADDITIONAL INSURED/LOSS PAYEE

POLICY NUMBER: 10 UUN UU5986



THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT OF 2002. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT OF 2002

TERRORISM PREMIUM (CERTIFIED ACTS)

Coverage:	Premium (if Covered):
PROPERTY	\$ 1,918.00
GENERAL LIABILITY	\$ 0.00
AUTO	\$ 0.00
 TOTAL	 \$ 1,918.00

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act of 2002, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act. The portion of your premium attributable to such coverage is shown above in this endorsement.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYEE/ADDITIONAL INSURED

THIS ENDORSEMENT ALSO APPLIES TO THE COMMERCIAL AUTO COVERAGE PART.

IT IS HEREBY AGREED AND UNDERSTOOD THE FOLLOWING IS ADDED AS A
LOSS PAYEE/ADDITIONAL INSURED WITH RESPECTS TO LEASED EQUIPMENT
PAL DIGITAL BATADECK VALUED AT \$40,000 INCLUDED IN BPP LIMIT:

BEXELL CORP.
801 SOUTH MAIN STREET
BURBANK, CA 91506

POLICY NUMBER: 10 UUN UU5986



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED LESSOR/LOSS PAYEE

THIS ENDORSEMENT ALSO APPLIES TO THE COMMERCIAL AUTO COVERAGE PART.

IT IS HEREBY AGREED THAT THE FOLLOWING IS INCLUDED AS AN ADDITIONAL
INSURED LESSOR/LOSS PAYEE:

BNY LEASING EDGE CORP.
1111 OLD EAGLE SCHOOL ROAD
WAYNE, PA 19087

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POLICY NUMBER: 10 UUN UU5986



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED/LOSS PAYEE

THIS ENDORSEMENT ALSO APPLIES TO THE COMMERCIAL AUTO COVERAGE PART.

IT IS HEREBY AGREED AND UNDERSTOOD THE FOLLOWING IS ADDED AS AN
ADDITIONAL INSURED/LOSS PAYEE WITH RESPECTS TO RENTED SONY EQUIPMENT
VALUED AT \$55,000 SITUATED AT LOCATION #001, 450 W 56TH STREET,
NEW YORK, NY 10019:

LIMA VIDEO RENTAL
341 38TH STREET
NEW YORK, NY 10018

PROPERTY CHOICE COVERAGE PART - DECLARATIONS



POLICY NUMBER: 10 UUN UU5986

This PROPERTY CHOICE COVERAGE PART consists of:

- A. This Declarations;
- B. Property Choice Schedule of Premises and Coverages;
- C. Property Choice Conditions and Definitions;
- D. Property Choice Coverage Form;
- E. Property Choice Covered Causes of Loss and Common Exclusions Form; and
- F. Any other Coverage Forms, Conditions Forms, Endorsements and Schedules issued to be a part of this Coverage Part and listed below.

Various provisions in this Coverage Part restrict coverage. Read the entire Coverage Part carefully to determine rights, duties and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Definitions found in the Property Choice Conditions and Definitions (Form Number PC 00 90).

ADVANCE PREMIUM: \$23,786.00

AUDIT PERIOD:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Property Choice Declarations" or the "Common Policy Declarations".

All Schedules listed on this Declarations are part of this Declarations.

Form Numbers of Coverage Forms, Endorsements, and Schedules that are a part of this Coverage Part:

PC00910103 PC00020103T PC99100103 PC00900103 IH09400203 PC00100103
 PC00200103 PC00240103 PC00300103 PC10100103 PC00940699 PC00920101
 PC00500101 PC00530101 PC00600101 PC30310700 PC31310702 PC32300699
 PC32310699 PC50040699



PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES



POLICY NUMBER: 10 UUN UU5986

PROPERTY CHOICE - SCHEDULED PREMISES

INSURANCE APPLIES ONLY TO A SCHEDULED PREMISES AND TO BUILDING OR BUSINESS PERSONAL PROPERTY COVERAGE FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN ON PROPERTY CHOICE - SCHEDULED PREMISES.

PROPERTY CHOICE - ADDITIONAL COVERAGES

THE FOLLOWING ADDITIONAL COVERAGES ARE INCLUDED IN THE PROPERTY CHOICE COVERAGE FORM AND APPLY IN ANY ONE OCCURRENCE UNLESS OTHERWISE STATED. FOR INSURANCE THAT APPLIES TO A SPECIFIC ADDITIONAL COVERAGE OR PREMISES AND REPLACES ANY OF THE BELOW LIMITS OF INSURANCE SEE: PROPERTY CHOICE - SCHEDULED PREMISES.

LIMIT OF INSURANCE IN ANY ONE OCCURRENCE

ACCOUNTS RECEIVABLE:	\$250,000
BRANDS AND LABELS:	\$50,000

BUILDING GLASS REPAIRS:	INCLUDED IN BUILDING LIMIT
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BUSINESS TRAVEL AND SALES REPRESENTATIVE SAMPLES:	\$50,000
CLAIM EXPENSES:	\$50,000
CONTRACT PENALTIES:	\$50,000
DEBRIS REMOVAL - (ADDITIONAL AMOUNT):	\$50,000

ELECTRONIC VANDALISM:	INCLUDED IN APPLICABLE BUSINESS PERSONAL PROPERTY LIMIT
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EMPLOYEE PERSONAL EFFECTS:	\$50,000
EXPEDITING EXPENSES (OTHER THAN EQUIPMENT BREAKDOWN EXPEDITING EXPENSES):	\$50,000
EXHIBITIONS (AT ANY ONE EXHIBITION):	\$50,000
FINE ARTS:	\$50,000
FIRE DEPARTMENT SERVICE CHARGE:	\$50,000
FIRE DEVICE RECHARGE:	\$50,000
FUNGUS, WET ROT, DRY ROT, BACTERIA AND VIRUS - LIMITED COVERAGE (AT EACH PREMISES IN ANY ONE POLICY YEAR):	\$50,000

POLICY NUMBER: 10 UUN UU5986

INFLATION GUARD:	CONSUMER PRICE INDEX UP TO 8%
INSTALLMENT OR DEFERRED SALES:	\$50,000
NEW CONSTRUCTION AT SCHEDULED PREMISES:	\$1,000,000
NEWLY ACQUIRED PROPERTY:	
BUILDINGS:	\$1,000,000
BUSINESS PERSONAL PROPERTY:	\$500,000
NON OWNED TRAILERS:	\$50,000
ORDINANCE OR LAW COVERAGE (DEMOLITION & INCREASED COST OF CONSTRUCTION):	LESSER OF 25% OF BUILDING VALUE OR \$500,000
ORDINANCE OR LAW COVERAGE (VALUE OF THE UNDAMAGED BUILDING):	INCLUDED IN BUILDING LIMIT
OUTDOOR TREES, SHRUBS, SOD, PLANTS AND LAWNS:	\$50,000
PAIRS AND SETS:	INCLUDED IN STOCK LIMIT
POLLUTANT AND CONTAMINANTS CLEANUP (AT EACH SCHEDULED PREMISES IN ANY ONE POLICY YEAR):	\$50,000
REWARD COVERAGE:	\$50,000
TRANSIT:	\$50,000
UNDERGROUND WATER SEEPAGE:	\$25,000
UNNAMED PREMISES:	
AT ALL UNNAMED PREMISES IN ANY ONE OCCURRENCE:	
BUILDINGS:	\$100,000
BUSINESS PERSONAL PROPERTY (INCLUDING STOCK):	\$50,000
AT ANY ONE INSTALLATION:	\$25,000
UTILITY SERVICES:	\$10,000
INCLUDING OVERHEAD TRANSMISSION LINES	
WIND BLOWN DEBRIS:	\$2,500

POLICY NUMBER: 10 UUN UU5986

COMBINED ADDITIONAL PROTECTION:

LESSER OF 25% OF THE
TOTAL SCHEDULED PREMISES
BUILDING AND BUSINESS
PERSONAL PROPERTY
LIMITS OF INSURANCE OR
\$250,000

TENANT LEASE COVERAGES:

BUILDING GLASS:

INCLUDED IN BUSINESS
PERSONAL PROPERTY LIMIT

LEASE ASSESSMENT:

\$2,500

LEASEHOLD IMPROVEMENTS:

\$25,000

THEFT DAMAGE:

INCLUDED IN BUSINESS
PERSONAL PROPERTY LIMIT

MISCELLANEOUS INTERIOR BUILDING PROPERTY:

\$25,000

LEGAL LIABILITY - BUILDING COVERAGE FORM (PC0030)
ATTACHES TO AND FORMS PART OF THIS POLICY.

LEGAL LIABILITY - BUILDING LIMIT OF INSURANCE:

\$25,000
IN ANY ONE ACCIDENT

FOR INSURANCE THAT APPLIES TO A SPECIFIC PREMISES SEE: PROPERTY CHOICE
- SCHEDULED PREMISES.

VALUATION PROVISION:

REPLACEMENT COST (SUBJECT TO LIMITATIONS) APPLIES TO THE TYPES OF COVERED
PROPERTY INSURED UNDER THIS POLICY. FOR VALUATION THAT APPLIES TO A
SPECIFIC PREMISES SEE: PROPERTY CHOICE - SCHEDULED PREMISES.

PROPERTY CHOICE - BUSINESS INTERRUPTION - BLANKET DESCRIPTION OF COVERAGE

FOR INSURANCE THAT APPLIES TO A SPECIFIC PREMISES SEE: PROPERTY CHOICE -
SCHEDULED PREMISES.

LIMITS OF INSURANCE
IN ANY ONE OCCURRENCE

SPECIAL BUSINESS INCOME:
ORDINARY PAYROLL IS INCLUDED

..... \$1,300,000

POLICY NUMBER: 10 UUN UU5986

PROPERTY CHOICE - BUSINESS INTERRUPTION - ADDITIONAL COVERAGES

THE FOLLOWING ADDITIONAL COVERAGES ARE INCLUDED IN THE COVERAGE FORM AND
APPLY IN ANY ONE OCCURRENCE UNLESS OTHERWISE STATED. FOR INSURANCE THAT
APPLIES TO A SPECIFIC PREMISES AND REPLACES ANY OF THE BELOW LIMITS OF
INSURANCE SEE: PROPERTY CHOICE - SCHEDULED PREMISES.

	LIMIT OF INSURANCE IN ANY ONE OCCURRENCE
BUSINESS TRAVEL:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
CIVIL AUTHORITY (72 HOUR WAITING PERIOD APPLIES):	30 DAYS
DENIAL OF SERVICE (12 HOUR WAITING PERIOD APPLIES):	\$25,000
DEPENDENT PROPERTIES (72 HOUR WAITING PERIOD APPLIES):	\$100,000 FROM ALL DEPENDENT PROPERTIES IN ANY ONE OCCURRENCE
ELECTRONIC VANDALISM (6 HOUR WAITING PERIOD APPLIES):	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
EXTENDED INCOME - 180 DAYS:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
FUNGUS, WET ROT, DRY ROT, BACTERIA AND VIRUS - LIMITED COVERAGE:	ACTUAL LOSS SUSTAINED FOR 30 DAYS
FUTURE EARNINGS:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
GOOD FAITH ADVERTISING (IN ANY ONE POLICY YEAR):	\$25,000
LESSOR'S TENANT MOVE BACK EXPENSE:	\$10,000

POLICY NUMBER: 10 UUN UU5986

MACHINERY TESTING AND TRAINING:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
NEWLY ACQUIRED PREMISES:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
ORDINANCE OR LAW INCREASED PERIOD OF RESTORATION:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
POLLUTANTS AND CONTAMINANTS CLEAN UP (IN ANY ONE POLICY YEAR):	\$25,000
TRANSIT:	\$100,000
UNNAMED PREMISES:	\$100,000 AT ALL UNNAMED PREMISES IN ANY ONE OCCURRENCE
INSTALLATIONS:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
EXHIBITIONS:	INCLUDED IN SPECIAL BUSINESS INCOME LIMIT OF INSURANCE
UTILITY SERVICES: (24 HOUR WAITING PERIOD APPLIES): INCLUDING OVERHEAD TRANSMISSION LINES	\$10,000
WEBSITES AND COMMUNICATION SERVICES (12 HOUR WAITING PERIOD APPLIES):	LESSER OF ACTUAL LOSS SUSTAINED FOR 30 DAYS OR \$100,000

COINSURANCE PROVISION:

COINSURANCE DOES NOT APPLY TO THE COVERAGES SHOWN ON THIS POLICY.

CAUSES OF LOSS - ADDITIONAL COVERAGE - EQUIPMENT BREAKDOWN

FOR INSURANCE THAT APPLIES TO A SPECIFIC PREMISES SEE: PROPERTY CHOICE -
SCHEDULED PREMISES.

POLICY NUMBER: 10 UUN UU5986

THE MOST WE WILL PAY IN ANY ONE EQUIPMENT BREAKDOWN ACCIDENT TO EQUIPMENT
BREAKDOWN PROPERTY IS THE LESSER OF THE APPLICABLE BUILDING, BUSINESS
PERSONAL PROPERTY AND BUSINESS INTERRUPTION LIMITS OF INSURANCE OR
\$100,000,000.

COVERAGE EXTENSIONS: THE FOLLOWING COVERAGE EXTENSIONS LIMITS OF INSURANCE
ARE INCLUDED IN THE CAUSES OF LOSS - ADDITIONAL COVERAGE - EQUIPMENT
BREAKDOWN AND APPLY IN ANY ONE EQUIPMENT BREAKDOWN ACCIDENT TO EQUIPMENT
BREAKDOWN PROPERTY.

LIMITS OF INSURANCE

CFC REFRIGERANTS:	\$100,000
HAZARDOUS SUBSTANCES:	\$100,000
SPOILAGE:	\$100,000
EXPEDITING EXPENSES:	\$100,000

DEDUCTIBLES

FOR DEDUCTIBLES THAT APPLY TO A SPECIFIC PREMISES SEE: PROPERTY CHOICE -
SCHEDULED PREMISES.

THE FOLLOWING DEDUCTIBLE AMOUNTS SHALL APPLY TO LOSS OR DAMAGE:

BY COVERED LOSS,
IN ANY ONE OCCURRENCE: \$1,000

PROPERTY CHOICE - SCHEDULED PREMISES

THE FOLLOWING LIMITS OF INSURANCE APPLY IN ANY ONE OCCURRENCE UNLESS
OTHERWISE STATED.

* * * * *

PREMISES NO. 1

ADDRESS:

- 450 WEST 56TH STREET
NEW YORK, NY 10019
NEW YORK COUNTY

POLICY NUMBER: 10 UUN UU5986

PREMISES 1 CONTINUED

DESCRIPTION OF COVERAGE OR PROPERTY	LIMIT OF INSURANCE
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BUSINESS PERSONAL PROPERTY (INCLUDING STOCK):	\$3,261,000
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PROPERTY CHOICE - BUSINESS INTERRUPTION	LIMIT OF INSURANCE
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SPECIAL BUSINESS INCOME:	INCLUDED IN BLANKET SPECIAL BUSINESS INCOME LIMIT
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ORDINARY PAYROLL IS INCLUDED

LOSS PAYEE(S):

LOSS PAYEE: TERMINAL MARKETING COMPANY INC
151 N MAIN STREET SUITE 300
NEW CITY, NY 10956

LOSS PAYEE: ATLANTIC, A PROGRAM OF DE LAGE
LANDEN FINANCIAL SERVICES
111 OLD EAGLE SCHOOL ROAD
WAYNE, PA 19087

LOAN NUMBER: LEASE #24524825

LOSS PAYEE: LIMAN VIDEO RENTAL
341 38TH ST
NEW YORK, NY 10018

**COMMERCIAL AUTOMOBILE
COVERAGE PART - DECLARATIONS
BUSINESS AUTO COVERAGE FORM**



POLICY NUMBER: 10 UUN UU5986

This COMMERCIAL AUTOMOBILE COVERAGE PART consists of:

- A. This Declarations Form;
- B. Business Auto Coverage Form; and
- C. Any Endorsements issued to be a part of this Coverage Form and listed below.

ITEM ONE - NAMED INSURED AND ADDRESS

The Named Insured is stated on the Common Policy Declarations.

ADVANCE PREMIUM: \$ 261.00

AUDIT PERIOD:

Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations."

Form Numbers of Coverage Forms, Endorsements and Schedules that are part of this Coverage Part:

HA00040200	CA00010797	CA00220299	CA01300691	CA02250699
HA00241290	HA01060300	HA01080300	HA99081290	HA99170300

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**COMMERCIAL AUTOMOBILE
COVERAGE PART - DECLARATIONS
BUSINESS AUTO COVERAGE FORM (Continued)**

POLICY NUMBER: 10 UUN UU5986

ITEM TWO - SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only those coverages where a charge is shown in the advance premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos." "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the COVERED AUTO Section of the Business Auto Coverage Form next to the name of the coverage.

Coverages	Covered Autos	Limit The Most We Will Pay for Any One Accident or Loss	Advance Premium
LIABILITY	08, 09	\$ 1,000,000	\$ 261.00
PERSONAL INJURY PROTECTION (or equivalent No-Fault coverage)		Separately stated in each Personal Injury Protection Endorsement.	
ADDED PERSONAL INJURY PROTECTION (or equivalent added No-Fault coverage)		Separately stated in each Added Personal Injury Protection Endorsement.	
OPTIONAL BASIC ECONOMIC LOSS (New York only)		\$25,000 each eligible injured person.	
PROPERTY PROTECTION INSURANCE (Michigan only)		Separately stated in the Property Protection Insurance Endorsement.	
AUTO MEDICAL PAYMENTS		\$ or the limit separately stated for each "auto" in ITEM THREE.	
UNINSURED MOTORISTS		\$	
UNDERINSURED MOTORISTS (When not included in Uninsured Motorist Coverage)		\$	

COMMERCIAL AUTOMOBILE
 COVERAGE PART - DECLARATIONS
 BUSINESS AUTO COVERAGE FORM (Continued)

POLICY NUMBER: 10 UUN UU5986

ITEM TWO - SCHEDULE OF COVERAGES AND COVERED AUTOS (Continued)

Coverages	Covered Autos	Limit The Most We Will Pay for Any One Accident or Loss	Advance Premium
PHYSICAL DAMAGE		See ITEM FOUR for hired or borrowed "autos".	
COMPREHENSIVE COVERAGE		Actual Cash Value, Cost of Repair, or the Stated Amount shown in ITEM THREE, whichever is smallest, minus any deductible shown in ITEM THREE for each covered "auto".	
SPECIFIED CAUSES OF LOSS COVERAGE		Actual Cash Value, Cost of Repair, or the Stated Amount shown in ITEM THREE, whichever is smallest, minus \$25 deductible for each covered "auto" for "loss" caused by mischief or vandalism.	
COLLISION COVERAGE		Actual Cash Value, Cost of Repair, or the Stated Amount shown in ITEM THREE, whichever is smallest, minus any deductible shown in ITEM THREE for each covered "auto".	
TOWING AND LABOR (Not available in California)		\$ or the amount separately stated for each "auto" in ITEM THREE, whichever is greater, for each disablement.	
Endorsement Premium (Not included above)			
TOTAL ADVANCE PREMIUM:			\$ 261.00

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**COMMERCIAL AUTOMOBILE
COVERAGE PART - DECLARATIONS
BUSINESS AUTO COVERAGE FORM (Continued)**

POLICY NUMBER: 10 UUN UU5986

ITEM THREE - SCHEDULE OF COVERED AUTOS YOU OWN

Applicable only if "Schedule of Covered Autos You Own" is issued to form a part of this Coverage Form.
FORM HA0012 NOT ATTACHED

ITEM FOUR - SCHEDULE OF HIRED OR BORROWED AUTO COVERAGE AND PREMIUMS

LIABILITY COVERAGE

RATING BASIS IS COST OF HIRE. Cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

State	Estimated Cost of Hire	Rate Per Each \$100 Cost of Hire	Advance Premium
	IF ANY	3.648	\$ 122.00 MP

TOTAL ADVANCE PREMIUM: \$ 122.00 MP

ITEM FIVE - SCHEDULE FOR NON-OWNERSHIP LIABILITY

Named Insured's Business	Rating Basis	Number	Advance Premium
Other than a Social Service Agency	Number of Employees Number of Partners	24	\$ 139.00
Social Service Agency	Number of Employees Number of Volunteers		

TOTAL ADVANCE PREMIUM: \$ 139.00 MP



COMMERCIAL GENERAL LIABILITY COVERAGE PART - DECLARATIONS

POLICY NUMBER: 10 UUN UU5986

This COMMERCIAL GENERAL LIABILITY COVERAGE PART consists of:

- A. This Declarations;
- B. Commercial General Liability Schedule;
- C. Commercial General Liability Coverage Form; and
- D. Any Endorsements issued to be a part of this Coverage Part and listed below.

LIMITS OF INSURANCE

The Limits of Insurance, subject to all the terms of this Policy that apply, are:

Each Occurrence Limit	\$1,000,000
Damage to Premises Rented to You Limit - Any One Premises	\$300,000
Medical Expense Limit - Any One Person	\$10,000
Personal and Advertising Injury Limit	\$1,000,000
General Aggregate Limit, (other than Products-Completed Operations)	\$2,000,000
Products-Completed Operations Aggregate Limit	\$2,000,000

ADVANCE PREMIUM: \$154.00

AUDIT PERIOD:

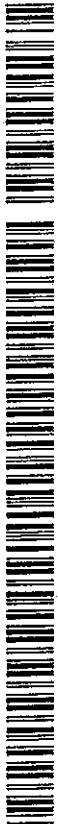
Except in this Declarations, when we use the word "Declarations" in this Coverage Part, we mean this "Declarations" or the "Common Policy Declarations."

Form Numbers of Coverage Forms, Endorsements and Schedules that are part of this Coverage Part:

HC70011001	CG00621202	CG21381185	CG26211091	HC23700203
HC24460699	HG00011001	HG01631001	HC01330394	HC12101185T

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - PERSONAL AND ADVERTISING INJURY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

COVERAGE B (Section I) does not apply and none of the references to it in the Coverage Part apply.

COMMERCIAL GENERAL LIABILITY SCHEDULE



POLICY NUMBER: 10 UUN UU5986

Entries herein, except as specifically provided elsewhere in this policy, do not modify any of the other provisions of this policy.

RATING CLASSIFICATIONS

DESCRIPTION OF HAZARDS: PREMISES/OPERATIONS COVERAGE

REFER TO: COMMERCIAL GENERAL LIABILITY
COVERAGE PART (FORM HC 00 10)PRMS/BLDG. NO: 001/001 TERR: 001
LOCATION: 450 WEST 56TH STREET
NEW YORK
NY. 10019

CLASSIFICATION CODE NUMBER

AND DESCRIPTION: 33320
RECORDING STUDIOS - PREMISES/OPERATIONS MODERATE HAZARD - INCLUDING
PRODUCTS AND/OR COMPLETED OPERATIONS - PRODUCTS/COMPLETED OPERATIONS LOSSE
ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT

PREMIUM AND RATING BASIS: AREA PER 1,000

EXPOSURE: 20,000

RATE: 1.5400

ADVANCE PREMIUM: 154.00 MP

FORM(S) APPLICABLE TO THIS CLASS CODE:
CG2138

TOTAL ADVANCE PREMIUM: 154.00

GENERAL LIABILITY SUMMARY

PAGE 1

POLICY INFORMATION

NAMED INSURED: SYNC SOUND INC
PRODUCER CODE AND NAME: 258221 RBL ASSOCIATES, INC
COMPANY CODE AND NAME: 1 HARTFORD FIRE INSURANCE COMPANY
EFFECTIVE DATE: 08/21/04 EXPIRATION DATE: 08/21/05
SMF PROGRAM: OFFICE-OTHR AUDIT PERIOD:

----- LIMITS OF LIABILITY -----	----- PREMIUM -----
PREMISES/OPERATIONS	\$ 154.00
\$ 1,000,000 EACH OCCUR \$ 2,000,000 AGGR	
TOTAL PREMIUM	\$ 154.00
* INCLUDES TERRORISM PREMIUM OF \$ 0.00	

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POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

SS 00202

GENERAL LIABILITY DETAIL

PAGE 1

POLICY NUMBER: 10 UUN UU5986 DB
 PRIMARY STATE: NY
 CYBERFLEX ID: 2 (INELIGIBLE)

EFFECTIVE DATE: 08/21/04
 MARKET SEGMENTATION: 869

STATE RATING MODIFICATION FACTORS AND COMMISSION:

STATE NY
 EXPENSE REDUCTION FACTOR 1.000*
 1.00
 NORMAL LINE COMMISSION 15.0

CLASS INFORMATION

PREMISES/OPERATIONS (SUBLINE 334)

CLASS CODE: 33320 STATE: NY
 CLASS DESCRIPTION
 RECORDING STUDIOS - PREMISES/OPERATIONS MODERATE HAZARD - INCLUDING
 PRODUCTS AND/OR COMPLETED OPERATIONS - PRODUCTS/COMPLETED OPERATIONS LOSSES
 ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT

PREMISES/OPERATIONS (SUBLINE 334)

STATE: NY SMF TERR: 2 TERR: 001 PRMS: 001 BLDG: 001
 ZIP CODE: 10019 FN-013/016 (SPECIAL FILING)
 CLASS CODE: 33320
 RECORDING STUDIOS - PREMISES/OPERATIONS MODERATE HAZARD - INCLUDING
 PREMIUM BASIS: AREA RATING BASIS: PER 1000
 (A RATED)

(*A)1.000 X (D)1.54 X (*J)1.00
 = (P)1.540 X ((Q)20,000 / 1000)
 X (TF)1.0100 = 31.00

PRMS/OPS MPD (STD) 123.00

GRAND TOTAL 154.00*
 * INCLUDES TERRORISM PREMIUM OF 0.00

KEYS:

* = OVERRIDE
 A = BASE RATE
 J = EXPENSE REDUCTION
 Q = EXPOSURE
 D = INCR. LIMIT FACTOR
 P = FINAL RATE
 TF = TERRORISM FACTOR

POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
 PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

PROPERTY CHOICE SUMMARY

PAGE: 001

POLICY INFORMATION

NAMED INSURED: SYNC SOUND INC
 PRODUCER CODE AND NAME: 258221 RBL ASSOCIATES, INC
 COMPANY CODE AND NAME: 1 HARTFORD FIRE INSURANCE COMPANY
 POLICY EFFECTIVE DATE: 08/21/04 POLICY EXPIRATION DATE: 08/21/05
 AUDIT PERIOD: NON AUDITABLE
 MULTI-FLEX PROGRAM: OFFICE

DEDUCTIBLE \$1,000

WAITING PERIOD:
 ELECTRONIC VANDALISM 6 HOURS
 CIVIL AUTHORITY/DEF PROP 72 HOURS

BLANKET INPUT LIMIT PRMS/BLDG TOTALS
 BUSINESS INCOME 1,300,000 1,300,000

COVERED PROPERTY	AMT-OF-INS	PREMIUM
BUS PERSONAL PROPERTY	3,261,000	\$15,750.00
BUSINESS INCOME	1,300,000	\$4,056.00
EQUIPMENT BREAKDOWN		\$1,226.00
TERRORISM		\$1,918.00
TARGET SPICE		\$836.00

TOTAL PREMIUM \$23,786.00

SUPPLEMENTAL PREMIUM CALCULATION:

XWEATHER PREMIUM:	\$17,174.00	AVERAGE MOD:	0.949
WEATHER PREMIUM:	\$2,632.00	AVERAGE MOD:	0.951

	FACTOR	PREMIUM
NEW YORK FIRE FEE	.012500	\$159.39

POLICY # 10UUNUU5986 -DB CONTROL # 001 TERM ID R032R20S
 PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

SS 00204

PROPERTY CHOICE DETAIL

PAGE: 001

POLICY NUMBER: 10 UUN UU5986 DB

EFFECTIVE DATE: 08/21/04

PRIMARY STATE NY

RATING MODIFICATION FACTORS AND COMMISSIONS

STATE(S) NY

EXPOSURE MOD:
 X WEATHER .950
 WEATHER .950
 EXPENSE REDUCTION MOD 1.000

NORMAL LINE COMMISSION 15.0

DED EACH OCCURRENCE 1,000

PREMISES RATING DETAIL

PREMISES 001 STATE: NY TAX CODE: 6079

HAZARD CODE: 06

RATE PLAN	YR BLT	TYPE OF POLICY CD DESCRIPTION	PROT CLASS	XWEATHER CONST	WEATHER CONST	RATE CLASS	CSP TERR	ZIP CODE
	1960	OFFICE	04	3-NC METAL	B	F530	310	10019

BI-SPECIAL BLKT EARNINGS % 65 (MERC)

X WEATHER
 (A).287 X (B).900 X (C)1.000 X (D).950
 X (E)1.386 X (AJ).750 X (M)1.000 = (P).255
 X (O)1,300,000 = 3,315.00

WEATHER ZONE 1
 (A).058 X (B)1.000 X (D).950 X (E)1.386
 X (AJ).750 X (M)1.000 = (P).057 X (O)1,300,000 = 741.00

TERRORISM
 (CO)4,056 X (CP).0900 = 365.00

PERSONAL PROPERTY(INCL STOCK) ITV 3.0

X WEATHER
 (A).359 X (B).900 X (C)1.000 X (D).950
 X (E)1.386 X (M)1.000 = (P).425 X (O)3,261,000 = 13,859.00 *

WEATHER ZONE 1
 (A).044 X (B)1.000 X (D).950 X (E)1.386
 X (M)1.000 = (P).058 X (O)3,261,000 = 1,891.00

KEYS:

A = BASE RATE	P = FINAL RATE
B = CONST FCTR	O = LIMIT OF LIABILITY
C = PROT FCTR	CO = TOT PREM
D = EXPOSURE MOD	CP = TERRORISM FCTR
E = RISK SIZE FCTR	
AJ = TE FCTR	
M = EXP REDUCTION FCTR	

POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
 PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

PROPERTY CHOICE DETAIL

(CONT) PAGE: 002

POLICY NUMBER: 10 UUN UU5986 DB

EFFECTIVE DATE: 08/21/04

PREMISES 001 (CONT)

TERRORISM

(CO)15,750 X (CP).0900 = 1,418.00

EQUIPMENT BREAKDOWN

((AQ)17,174 + (AR)2,632) X (AS).0619 = 1,226.00

TERRORISM

(CO)1,226 X (CP).0900 = 110.00

POLICY LEVEL RATING DETAIL

TARGET SPICE

(BE)16,725.00 X (BF).050 = 836.00

POLICY LEVEL TERRORISM

(CO)836 X (CP).0300 = 25.00

GRAND TOTAL = 23,786.00

* INCLUDES TERRORISM PREMIUM OF \$1,918.00

*NEW YORK FIRE FEE \$159.39

KEYS:

CO = TOT PREM
CP = TERRORISM FCTR
AQ = TOT XWEATHER PREM
AR = TOT WEATHER PREM
AS = EQUIP BREAK PCT
BE = TOT BLDG/BPP PREM
BF = TARGET SPICE RATE

POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

AUTOMOBILE SUMMARY

PAGE 1

POLICY INFORMATION

NAMED INSURED: SYNC SOUND INC
PRODUCER CODE AND NAME: 258221 RBL ASSOCIATES, INC
COMPANY CODE AND NAME: 1 HARTFORD FIRE INSURANCE COMPANY
EFFECTIVE DATE: 08/21/04 EXPIRATION DATE: 08/21/05
EXAMINATION PERIOD:

POLICY COVERAGES RECAP

COVERAGE	COVERED AUTOS	LIMITS	PREMIUM
LIABILITY	8, 9	\$ 1,000,000 PER ACC	\$ 261.00
TOTAL PREMIUM			\$ 261.00

00018

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POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

SS 00207

AUTOMOBILE DETAIL

PAGE 1

POLICY NUMBER: 10 UUN UU5986 DB EFFECTIVE DATE: 08/21/04
 PRIMARY STATE/TERRITORY: NY 003 OP CODE: 06611
 MARKET SEGMENTATION: 869

STATE RATING MODIFICATION FACTORS AND COMMISSIONS

NORMAL LINE COMMISSION: 15.0

	LIABILITY	OTC	COLL
EXPENSE REDUCTION O/R:	1.00	1.00	1.00

COMMON COVERAGES INFORMATION

HIRED CAR

LIAB	CLASS: 6625	IF ANY	
(A)1.50 X (D)2.56 X (J)1.00 X (K).95 = (P)3.648			
MINIMUM	CLASS: 6619		MP
(A)50 X (D)2.56 X (J)1.00 X (K).95 =			122.00

NOL EMPLOYERS	CLASS: 6601	EST. # OF EMPLOYEES: 000024	
(A)57 X (D)2.56 X (J)1.00 X (K).95 =			139.00

GRAND TOTAL \$ 261.00

KEYS

A = BASE RATE
 K = ACCOUNT MOD

D = INCR LIMIT FCTR
 P = FINAL RATE

J = EXP RED FCTR

POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
 PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

SPECIAL MULTI-FLEX RECAP

PAGE 1

POLICY INFORMATION

NAMED INSURED: SYNC SOUND INC
PRODUCER CODE AND NAME: 258221

E-COMMERCE ID: 2
RBL ASSOCIATES, INC

EFFECTIVE DATE: 08/21/2004

EXPIRATION DATE: 08/21/2005

AUDIT PERIOD:

----- COVERAGE PART -----	--- COMPANY CODE ---	----- PREMIUM -----
PROPERTY	1	23,786.00
AUTO	1	261.00
GENERAL LIABILITY	1	154.00

STATE SURCHARGES:

FACTOR

NY FIRE FEE:

PROPERTY .012500

159.39

TOTAL POLICY PREMIUM

24,360.39*

*INCLUDES TERRORISM PREMIUM

1,918.00

00019

*0100010UU59860101



DIRECT ACCOUNT BILL NUMBER: 10624991

POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

SS 00209

PREMIUMS BY STATE RECAP

PAGE 1

POLICY INFORMATION

NAMED INSURED: SYNC SOUND INC

PRODUCER CODE AND NAME: 258221 RBL ASSOCIATES, INC

EFFECTIVE DATE: 08/21/04

ST	PROP	B&M	MARINE	GEN-LIAB	AUTO-LIAB	PHYS-DAM	BOND	BURG
31	\$23,786				\$154	\$261		

POLICY # 10UUNUU5986 DB - CONTROL # 001 TERM ID R032R20S
PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

SS 00210

PREMISE/BUILDING RECAP

PAGE 01

POLICY INFORMATION

NAME INSURED: SYNC SOUND INC

PRODUCER CODE AND NAME: 258221

RBL ASSOCIATES, INC

EFFECTIVE DATE: 08/21/2004

PRMS	BLDG	STREET	CITY	STATE
001	001	450 WEST 56TH STREET (LOB) PROP GL	NEW YORK	NY

00020

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POLICY # 10UUNUU5986 DB CONTROL # 001 TERM ID R032R20S
PROCESS DATE 05/19/04 OPER INITIALS SEJ AAR PREV POL # 10UUNUU5986

SS 00211

PRODUCER'S FACT SHEET

NAMED INSURED: SYNC SOUND, INC.

POLICY NO: 10 UUN UU5986 DB

PRODUCER'S NAME: RBL ASSOCIATES, INC
PRODUCER'S CODE: 258221

POLICY PERIOD: FROM 08/21/04 TO 08/21/05

ACCOUNT BILL NUMBER: 10624991

PAYOR TYPE: INSURED

BILL FREQUENCY: MONTHLY / 3 MONTH DOWNPAYMENT

TRANSACTION TYPE: RENEWAL

TOTAL ANNUAL PREMIUM** \$24,360.39 (INCLUDES TAXES, FEES,
AND SURCHARGES)

**INCLUDES TERRORISM PREMIUM \$1,918.00

COMMISSION BREAKDOWN

LOB	TOTAL ANNUAL PREMIUM	COMMISSION PERCENTAGE
PROPERTY	\$23,786.00	15.0
GL	\$154.00	15.0
AUTO	\$261.00	15.0
NY FEE	\$159.39	0.0
TOTAL:	\$24,360.39	

FORM

TITLE

HM00010295	POLICY FRONT COVER
HM00220295	COMMON POLICY DECLARATIONS -UUN
IL00171198	COMMON POLICY CONDITIONS
IH00010795	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT - NEW YORK (BROAD FORM)
IH01150795	ADVANCED PREMIUM - NEW YORK
IH09850203	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT OF 2002
IH12001185	LOSS PAYEE/ADDITIONAL INSURED
IH12001185	ADDITIONAL INSURED LESSOR/LOSS PAYEE
IH12001185	ADDITIONAL INSURED/LOSS PAYEE
IL00230498	NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT (BROAD FORM)
IL01830498	NEW YORK CHANGES - FRAUD
IL02680700	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
PC00910103	QUICK REFERENCE - PROPERTY CHOICE COVERAGE PART
PC00010103	PROPERTY CHOICE COVERAGE PART - DECLARATIONS
PC00020103T	PROPERTY CHOICE - SCHEDULE OF PREMISES AND COVERAGES
PC99100103	"FUNGUS", WET ROT, DRY ROT, BACTERIA AND VIRUS- REMOVAL OF LIMITATIONS-NEW YORK
PC00900103	PROPERTY CHOICE CONDITIONS AND DEFINITIONS
IH09400203	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
PC00100103	PROPERTY CHOICE COVERAGE FORM

PRODUCER'S FACT SHEET PAGE 1 (CONT'D ON NEXT PAGE)
05/19/04 10 UUN UU5986 DB (08/21/05)

SS 00212

PRODUCER'S FACT SHEET (CONTINUED)

POLICY NO: 10UUNU5986

PC00200103	PROPERTY CHOICE - SPECIAL BUSINESS INCOME COVERAGE FORM (BUSINESS INTERRUPTION)
PC00240103	PROPERTY CHOICE - EXTRA EXPENSE COVERAGE FORM (BUSINESS INTERRUPTION)
PC00300103	LEGAL LIABILITY - BUILDING COVERAGE FORM
PC10100103	PROPERTY CHOICE - COVERED CAUSES OF LOSS AND EXCLUSIONS FORM
PC00940699	QUICK REFERENCE - BUSINESS CRIME
PC00920101	CRIME COMMON CONDITIONS AND EXCLUSIONS FORM
PC00500101	EMPLOYEE DISHONESTY COVERAGE FORM
PC00530101	FORGERY COVERAGE FORM
PC00600101	MONEY AND SECURITIES COVERAGE FORM (BUSINESS CRIME)
PC30310700	NEW YORK CHANGES - CANCELLATION AND NONRENEWAL
PC31310702	NEW YORK CHANGES
PC32300699	NEW YORK CHANGES - REWARDS COVERAGE DELETED
PC32310699	NEW YORK CHANGES - CALCULATION OF PREMIUM
PC50040699	SPICE FOR BUSINESS SERVICES
HA00040200	QUICK-REFERENCE - COMMERCIAL AUTO COVERAGE PART
HA00250200	BUSINESS AUTO COVERAGE FORM DECLARATIONS
CA00010797	BUSINESS AUTO COVERAGE FORM
CA00220299	CHANGES IN COMMERCIAL AUTO COVERAGE FORMS
CA01300691	NEW YORK CHANGES IN POLICY - LIMITS OF INSURANCE (CHAPTER 665-NEW YORK LAWS OF 1979)
CA02250699	NEW YORK CHANGES - CANCELLATION
HA00241290	CHANGES IN HIRED CAR PHYSICAL DAMAGE - LIMIT OF INSURANCE
HA01060300	NEW YORK CHANGES IN BUSINESS AUTO AND TRUCKERS COVERAGE FORMS
HA01080300	NEW YORK CHANGES - PREMIUM AUDIT
HA99081290	POLLUTION LIABILITY COVERAGE - PRIVATE PASSENGER TYPE AUTOS
HA99170300	COMMERCIAL AUTOMOBILE BROAD FORM ENDORSEMENT - NEW YORK
HC70011001	QUICK REFERENCE COMMERCIAL GENERAL LIABILITY COVERAGE PART- OCCURRENCE
HC00100798	COMMERCIAL GENERAL LIABILITY COVERAGE PART- DECLARATIONS
CG00621202	WAR LIABILITY EXCLUSION
CG21381185	EXCLUSION-PERSONAL AND ADVERTISING INJURY
CG26211091	NEW YORK CHANGES - TRANSFER OF DUTIES WHEN A LIMIT OF INSURANCE IS USED UP
HC23700203	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
HC24460699	IMPUTED LEGAL LIABILITY ENDORSEMENT - NEW YORK
HG00011001	COMMERCIAL GENERAL LIABILITY COVERAGE FORM
HG01631001	NEW YORK CHANGES COMMERCIAL GENERAL LIABILITY COVERAGE FORM
HC01330394	NEW YORK CHANGES - POLICIES NOT SUBJECT TO AUDIT
HC12101185T	COMMERCIAL GENERAL LIABILITY SCHEDULE

STUFFER/NOTICE

TITLE

CAF-4160-0	POLICYHOLDER NOTICE - UNINSURED/UNDERINSURED MOTORISTS INSURANCE
CAF-4187-3	SUPPLEMENTAL APPLICATION - UNINSURED MOTORISTS COVERAGE AND SUPPLEMENTARY UNINSURED/ UNDERINSURED MOTORISTS NEW YORK

PRODUCER'S FACT SHEET (CONTINUED)

POLICY NO: 10UUNUU5986

CAF-4187-3	SUPPLEMENTAL APPLICATION - UNINSURED MOTORISTS
	COVERAGE AND SUPPLEMENTARY UNINSURED/
	UNDERINSURED MOTORISTS NEW YORK
F100965-001	HAZARDOUS MATERIALS REPORT FORM
G-3228-0	IMPORTANT NOTICE TO POLICYHOLDERS
G-3319-0	IMPORTANT NOTICE TO POLICYHOLDERS
	REDUCTION IN COVERAGE
G-3322-0	POLICYHOLDER NOTICE
100722	TOTAL ACCOUNT BILLING SYSTEM

**SECOND OR CONDITIONAL
RENEWAL NOTICE - NEW YORK**

Date: 05/19/04

Policy Number: 10 UUN UU5986

Renewal Date: 08/21/04

Your Hartford Agent: RBL ASSOCIATES, INC



SYNC SOUND, INC.

450 W 56TH STREET
NEW YORK NY 10019

Dear Valued Hartford Insured,

The success of your business is your top priority. Protecting that business is The Hartford's. That is why we are proud to bring you the products and services you need to guard your business against unexpected losses. With nearly 200 years of experience, The Hartford will be there when you need us.

Your renewal policy will be delivered shortly. We are providing you with the information below in advance of the expiration of your current policy to aid in your decision concerning renewal coverage.

The item(s) applying to your policy are noted by an "X" and are the reasons for this Conditional notice:

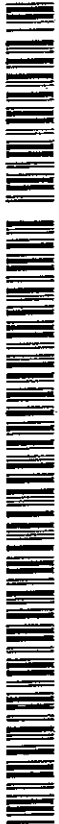
() 1. Increase of Deductible to:() 2. Change in Limits to:() 3. Change in Type of Coverage to:() 4. Reduction in Coverage:() 5. Additional Exclusion:

(X) 6.	Premium Increase in Excess of 10%*		
	<u>Renewal Premium</u>	= \$	24,201.00
	<u>Amount of Increase</u>	= \$	2,459.00

*The amount of increase and annual premium shown above are based on the most current exposure information known to us. The reason for this increase is that there are changes in the rates applicable to your policy.

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Coverage will remain in effect with the terms, conditions and rates of your current policy until expiration or 60 days from the date this notice is mailed to you, whichever is later. You will receive a credit on your renewal policy for any period during which you are entitled to an adjustment, under New York law, if we were unable to afford you sufficient advance notice of this renewal.

Upon receipt of your written request, we will provide you through your agent with loss information covering the period required by New York law.

Please contact your Hartford agent or representative as indicated above if you have any questions about the renewal of your policy or about your overall insurance package. We look forward to continuing our relationship and fulfilling your insurance needs.

Thank you for your business.

POLICY NUMBER: 10 UUN UU5986



IMPORTANT NOTICE TO POLICYHOLDERS

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT OF 2002

TERRORISM PREMIUM (CERTIFIED ACTS)

Coverage	Premium (if Covered):
PROPERTY	\$ 1,918.00
GENERAL LIABILITY	\$ 0.00
AUTO	\$ 0.00
 TOTAL	 \$ 1,918.00

A. Disclosure Of Premium

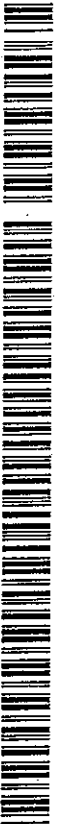
In accordance with the federal Terrorism Risk Insurance Act of 2002, we are required to provide you with advance notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under that Act for your upcoming renewal. The portion of your renewal premium attributable to such coverage is shown.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 90% of that portion of the amount of such insured losses that exceeds the applicable insurer retention.

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PROPERTY CHOICE - COVERED CAUSES OF LOSS AND EXCLUSIONS FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

COVERED CAUSES OF LOSS

Covered Causes of Loss, means loss caused by direct physical loss or direct physical damage to Covered Property within the policy period as stated on the Common Policy Declarations:

- i. Unless the loss is excluded in the General Exclusion or the Specific Exclusions; or
- ii. Unless the loss is excluded or limited within the provisions for specific coverages or types of property; and
- iii. Subject to the Limits of Insurance and Deductibles stated in the Property Choice Declarations or stated in the Coverages.

A. GENERAL EXCLUSION

We will not pay for loss or damage caused by, resulting from, or arising out of any acts, errors, or omissions by you or others in any of the following activities, regardless of any other cause or event that contributes concurrently, or in any sequence to the loss or damage:

1. Planning, zoning, developing, surveying, testing or siting property;
2. Establishing or enforcing any building code, or any standard, ordinance or law about the construction, use or repair of any property or materials, or requiring the tearing down of any property, including the removal of its debris;
3. Any of the following performed to or for any part of land, buildings, roads, water or gas mains, sewers, drainage ditches, levees, dams, other structures or facilities, or any Covered Property:
 - a. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; or
 - b. Furnishing of work, materials, parts or equipment in connection with the design, specifications, workmanship, repair,

construction, renovation, remodeling, grading or compaction; or

4. Maintenance.

This entire Exclusion applies whether or not the property or facilities described above are:

- (1) Covered under this policy; or
- (2) On or away from the insured premises.

But if direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.

B. SPECIFIC EXCLUSIONS

1. Accounting Errors

We will not pay for loss or damage caused by, resulting from, or arising out of error or omissions in accounting, arithmetical, bookkeeping, or billing.

2. Animals

We will not pay for loss or damage to animals unless caused by a "Specified Cause of Loss".

All other loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

3. Change of Temperature, Dampness or Dryness

- a. We will not pay for loss or damage to personal property caused by, resulting from, or arising out of:

- (1) Dampness or dryness of atmosphere; or
- (2) Changes in or extremes of temperature.

But if direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.

- b. This Exclusion does not apply to:

- (1) "Computer Equipment" and "Computer Media and Data" and "Valuable Papers";
- (2) Accounts Receivable and Fine Arts Additional Coverages; and
- (3) Coverage provided for Spoilage under the Equipment Breakdown - Additional Coverage.

4. Collapse (relating to Earthquake or Flood)

We will not pay for loss or damage caused by, resulting from, arising out of, or in any way related to the collapse, cracking, separating, shrinking, bulging, expansion, shifting, rising, settling, sinking, lateral movement or other movement, or other loss or damage to buildings or structures, including concrete or paved surfaces, which would not have occurred but for an Earthquake or Flood.

5. Delay, Loss of Use or Loss of Market

We will not pay for loss or damage caused by, resulting from, or arising out of delay, loss of use, or loss of market.

6. Dishonest Acts

- a. We will not pay for loss or damage caused by, resulting from, or arising out of dishonest or criminal acts by you, any of your partners, members, officers, managers, employees, directors, officers, trustees, authorized representatives or anyone else to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

- b. In this Exclusion, your employees include leased and contracted employees and

software contractors.

- c. This Exclusion does not apply to:

- (1) Property entrusted to carriers for hire; or
- (2) Acts of destruction by your employees.

7. Docks, Piers, Wharves

- a. We will not pay for loss or damage caused by, resulting from, or arising out of action of water or ice to bulkheads, docks, piers, seawalls, wharves, or property on such structures.

- b. But if direct physical loss or direct physical damage by a "Specified Cause of Loss" ensues to Covered Property, we will pay only for such ensuing loss or damage.

8. Earth Movement

- a. We will not pay for loss or damage caused by, resulting from, arising out of, or in any way related to:

- (1) Earthquake, meaning a shaking or trembling of the earth's crust, caused by underground tectonic forces resulting in breaking, shifting, rising, settling, sinking or lateral movement or other movement, including any related earth sinking, rising or shifting;
- (2) Landslide, including any related earth sinking, rising or shifting;
- (3) Subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than "Sinkhole Collapse"), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other part of buildings or structures. Soil conditions included contraction, expansion, freezing, thawing, erosion, improper compaction of soil and the action of water under the ground surface.

But If direct physical loss or direct physical damage by fire or explosion ensues to Covered Property, we will pay only for such ensuing loss or damage.

- b. This Exclusion applies whether or not caused by a weather condition.
- c. This exclusion applies whether or not the loss event results in widespread damage or effects a substantial area.

9. Flood, Water Under the Ground

- a. We will not pay for loss or damage caused by, resulting from, arising out of, or in any way related to:

(1) Flood, which means:

(a) Surface water, waves, tidal water, tidal waves, tsunamis, or overflow of any natural or man made body of water from its boundaries, all whether driven by wind or not.

(b) Mudslide or mudflow, meaning a river or flow of liquid mud directly or indirectly caused by flooding or the accumulation of water under the ground.

(c) Water or other material that backs up or overflows from any sewer or septic tank, if such back-up or overflow is caused by any of the conditions in 9.a.(1)(a) and 9.a.(1)(b) above regardless of the proximity of the back-up or overflow to such conditions.

(d) Flood does not include back-up or overflow of water or other material arising from any other origin.

(2) Release of water held by a dam, levee or dike or by a water or flood control device; or

(3) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

b. This Exclusion applies whether or not caused by a weather condition.

c. If direct physical loss or direct physical damage by fire, explosion or "Sprinkler Leakage" ensues to Covered Property, we will pay only for such ensuing loss or damage.

d. This exclusion applies whether or not the loss event results in widespread damage or effects a substantial area.

10. "Fungus", Wet Rot, Dry Rot, Bacteria or Virus

- a. We will not pay for loss or damage caused directly or indirectly by any of the

following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

(1) Presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot, bacteria or virus.

(2) But if "fungus", wet rot, dry rot, bacteria or virus results in a "specified cause of loss" to Covered Property, we will pay for the loss or damage caused by that "specified cause of loss".

b. This exclusion does not apply:

(1) When "fungus", wet or dry rot, bacteria or virus results from fire or lightning; or

(2) To the extent that coverage is provided in the Additional Coverage(s) - "Fungus", Wet Rot, Dry Rot, Bacteria or Virus - Limited Coverage with respect to loss or damage by a cause of loss other than fire or lightning.

c. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

11. Governmental Action

a. We will not pay for loss or damage caused by or resulting from, or arising out of the seizure or destruction of property by order of governmental authority.

b. But we will pay for covered loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

c. This exclusion applies whether or not the loss event results in widespread damage or effects a substantial area.

d. This exclusion does not apply to coverage as provided under the Ordinance or Law additional Coverage(s).

12. Missing Property

We will not pay for loss caused by, resulting from, or arising out of the disappearance of property when there is no clear evidence to show what happened to it. This would include a shortage disclosed on taking inventory or auditing records. This Exclusion does not apply to property in the custody of a carrier for hire.

13. Neglect to Protect Property

We will not pay for loss or damage caused by, resulting from, or arising out of your neglect to use all reasonable means to save and preserve property from further damage at and after time of the direct physical loss or damage.

14. Nesting or Infestation

- a. We will not pay for loss or damage caused by, resulting from, or arising out of nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- b. If direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.
- c. This Exclusion does not apply to:
 - (1) "Computer Equipment", "Computer Media and Data" and "Valuable Papers"; and
 - (2) Accounts Receivable and Fine Arts Additional Coverages.

15. Nuclear Hazard

- a. We will not pay for loss or damage caused by, resulting from, or arising out of, or in any way related to nuclear reaction, nuclear radiation or radioactive contamination, however caused.
- b. If direct physical loss or direct physical damage by fire ensues, we will pay only for such ensuing loss or damage.
- c. This exclusion applies whether or not the loss event results in widespread damage or effects a substantial area.

16. Ordinance or Law

- a. We will not pay for loss or damage caused by, resulting from, or arising out of the enforcement of any ordinance or law:
 - (1) Regulating the construction, use or repair of any property; or
 - (2) Requiring the tearing down of any property, including the cost of removing its debris.
- b. This Exclusion applies whether the loss results from:
 - (1) An ordinance or law that is enforced even if the property has not been damaged; or
 - (2) The increased costs incurred to comply with an ordinance or law while in the course of construction, repair,

renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

- c. This exclusion applies whether or not the loss event results in widespread damage or effects a substantial area.

17. "Pollutants and Contaminants"

- a. We will not pay for loss or damage caused by, resulting from, arising out of, or in any way related to the discharge, dispersal, seepage, migration, release or escape of "Pollutants and Contaminants".
- b. If direct physical loss or direct physical damage by a "Specified Cause of Loss" ensues to Covered Property, we will pay only for such ensuing loss or damage.
- c. This Exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape is itself caused by a "Specified Cause of Loss".
- d. This Exclusion does not apply to:
 - (1) "Computer Equipment", "Computer Media and Data" and "Valuable Papers";
 - (2) Accounts Receivable, Business Travel, Exhibitions, Fine Arts and Transit Additional Coverages; or
 - (3) The accidental or malicious application of chemicals to glass that is a part of a building, structure or showcase.

18. Programming Errors and Computer Deficiency

- a. We will not pay for loss or damage caused by, resulting from, or arising out of:
 - (1) Error or omission in computer programming, data entry or instructions to a computer or electronically controlled equipment;
 - (2) Error or deficiency in the design, installation, maintenance, repair or modification of "Computer Equipment" and software.
- b. If direct physical loss or direct physical damage by a "Specified Cause of Loss" ensues to Covered Property, we will pay only for such ensuing loss or damage.

19. Rain, Snow, Ice, Sleet to Property in the Open

We will not pay for loss or damage caused by, resulting from, or arising out of rain, snow, ice or sleet to personal property while in the open.

This Exclusion does not apply to property in the custody of a carrier for hire.

20. Settling, Cracking to Buildings or Structures

- a. We will not pay for loss or damage caused by, resulting from, or arising out of settling, cracking, shrinking or expansion of buildings or structures, bridges, roadways, walks, patios or concrete or paved surfaces.
- b. If direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.

21. Smoke (Agricultural or Industrial)

We will not pay for loss or damage to buildings or outdoor property caused by, resulting from, or arising out of smoke, vapor or gas from agricultural smudging or industrial operations.

22. Testing

- a. We will not pay for loss or damage caused by, resulting from, or arising out of any of the following tests:
 - (1) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
 - (2) An insulation breakdown test of any type of electrical equipment.
- b. If direct physical loss or direct physical damage by a "Specified Cause of Loss" ensues to Covered Property, we will pay only for such ensuing loss or damage.

23. Theft of Laptops as Checked Baggage

We will not pay for loss or damage caused by, resulting from, or arising out of the theft of laptop, palmtop and similar portable equipment while as checked baggage.

24. Unauthorized Transfer of Property

We will not pay for loss caused by, resulting from, or arising out of the transfer of property that has been transferred to any person or to any place outside your premises on the basis of unauthorized instructions.

25. Unauthorized Viewing, Copying of Computer Media and Data

We will not pay for financial loss or any other loss or damage due to unauthorized viewing, copying or use of any data (including proprietary or confidential information) by any person, even if such activity is characterized as theft.

26. Utility Services Interruption

- a. We will not pay for loss or damage caused by, resulting from, arising out of, or in any way related to the failure of power or other utility service supplied to the insured premises, however caused, if the failure occurs away from insured premises. Failure includes lack of sufficient capacity and reduction in supply.
- b. This Exclusion applies whether or not caused by a weather condition.
- c. If direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.
- d. This exclusion applies whether or not the loss event results in widespread damage or effects a substantial area.
- e. This Exclusion does not apply to:
 - (1) "Computer Equipment" and "Computer Media and Data" and "Valuable Papers";
 - (2) Accounts Receivable and Fine Arts Additional Coverages; and
 - (3) Coverage provided under the Utility Services Additional Coverage(s).

27. War, Military Action

- a. We will not pay for loss or damage caused by, resulting from, arising out of, or in any way related to:
 - (1) War, including undeclared or civil war;
 - (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
 - (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
- b. This exclusion applies whether or not the loss event results in widespread damage or effects a substantial area.

28. Workmanship

- a. We will not pay for the cost of correcting defects in Covered Property, or loss or damage to Covered Property that was caused by, resulting from, or arising out of

work done on Covered Property by you, your employees, or others working on your behalf.

- b. If direct physical loss or direct physical damage by a "Specified Cause of Loss" ensues to Covered Property or Equipment Breakdown Accident ensues to Equipment Breakdown Equipment, we will pay only for such ensuing loss or damage.

29. Other Exclusions

We will not pay for loss or damage caused by, resulting from, or arising out of:

- a. Wear and tear, or change in color, texture, or finish;
- b. Rust, corrosion, fungus, decay, or deterioration;
- c. Hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- d. Smog; or
- e. Shrinkage, evaporation, or loss of weight of "Stock".

But if direct physical loss or direct physical damage by a Covered Cause of Loss ensues to Covered Property, we will pay only for such ensuing loss or damage.

C. Theft Limitations to Specific Types of Covered Property

For loss or damage by "theft", the following types of property are covered only up to the following limits:

1. \$5,000 for furs, fur garments and garments trimmed with fur.
2. \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals.

This limitation does not apply to:

- a. Jewelry and watches worth \$100 or less per item; or
- b. Gold, gold salts, silver, platinum, precious and semi-precious alloys, metals or stones used in the manufacture of your products, other than jewelry manufacturing or repair.
3. \$1,000 for stamps, tickets and letters of credit.
4. \$ 250 for employee tools.

D. Additional Coverage - Equipment Breakdown

The term Covered Causes of Loss includes the Additional Coverage - Equipment Breakdown as defined and limited below:

1. Equipment Breakdown

This insurance is extended to apply to loss or damage caused by or resulting from an Equipment Breakdown Accident to Equipment Breakdown Property.

Equipment Breakdown Accident means direct physical loss as follows:

- a. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- b. Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- c. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- d. Loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- e. Loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

Equipment Breakdown Property means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

The following is not Equipment Breakdown Property:

- a. Any structure, foundation, cabinet, compartment or air supported structure or building;
- b. Any insulating or refractory material;
- c. Any sewer piping, any underground vessels or piping, any piping forming a part of a sprinkler system or water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
- d. Any vehicle or any equipment mounted on such vehicle, draglines, excavation or construction equipment; or
- e. Any equipment manufactured by you for sale.

This Coverage is included within the Covered Property Limits of Insurance.

2. The following Coverage Extensions apply to loss or damage to Covered Property caused

by or resulting from an Equipment Breakdown Accident to Equipment Breakdown Property:

a. CFC Refrigerants

We will pay for the additional costs to repair or replace Covered Property beyond what would have been necessary had no refrigerant containing CFC (chlorinated fluorocarbon) substances been involved in the Equipment Breakdown Accident.

The most we will pay for each occurrence of covered loss or damage under this Coverage Extension is the CFC Refrigerants Limit of Insurance stated in the Declarations, but not more than the least amount to:

- (1) Repair the damaged property and replace any lost CFC refrigerant;
- (2) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
- (3) Replace the system with one using a non-CFC refrigerant.

This Coverage is included within the Covered Property Limit of Insurance.

b. Hazardous Substances

We will pay for the additional costs to repair or replace Covered Property beyond what would have been necessary had the Equipment Breakdown Accident not caused contamination by a Hazardous Substance. This includes the additional expenses to clean up or dispose of such property.

As used in this Coverage Extension, Hazardous Substance means any substance that has been declared to be hazardous to health by a governmental agency.

The most we will pay for each occurrence of covered loss or damage under this Coverage Extension is the Hazardous Substances Limit of Insurance stated in the Declarations.

This Coverage is included within the Covered Property Limit of Insurance.

c. Spoilage

We will pay for your loss of perishable goods due to:

- (1) Spoilage; or
- (2) Contamination caused by the release of refrigerants, including but not limited to ammonia; caused by or resulting from an Equipment Breakdown Accident to Equipment Breakdown Property located at the premises.

We will not pay for loss or damage as a result of your failure to use all reasonable means to protect the perishable goods from damage following an Equipment Breakdown Accident.

We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

If you are unable to replace the perishable goods before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the perishable goods at the time of the Equipment Breakdown Accident, less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.

As used in this Additional Coverage, perishable goods means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

The most we will pay for each occurrence of covered loss or damage under this Coverage Extension is the Spoilage Limit of Insurance stated in the Declarations.

This is included within the Covered Property Limit.



PROPERTY CHOICE COVERAGE FORM

(PROPERTY)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Property Choice Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

A. COVERAGE

We will pay for direct physical loss of or direct physical damage to the following types of Covered Property caused by or resulting from a Covered Cause of Loss. Covered Property, as used in this Coverage Part, means the type of property described in this Section, A.1. Covered Property, if a Limit of Insurance is shown in the Property Choice Declarations for that type of property.

1. Covered Property

- a. **Building** means buildings or structures that you own or are responsible for insuring including buildings or structures in the course of construction and alterations, repairs or additions to the building as shown by the premises address in the Property Choice Scheduled Premises section of the Property Choice Declarations.

Building also includes:

- (1) Its foundation and foundations of machinery and boilers;
- (2) Underground pipes, flues or drains necessary for the service of the building;
- (3) Excavations, grading, backfilling or filling that are necessary to repair, rebuild or replace the building;
- (4) Permanently installed machinery and equipment;
- (5) Awnings, "Building Glass", fixtures, and floor coverings;
- (6) Materials, equipment and supplies, used in the construction, alteration or repair of buildings;

- (7) Radio or television towers, antennas and satellite dishes (including attachments), fences, signs and other outdoor fixtures;

- (8) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

- (9) Property owned by you for the maintenance or service of the building or its premises, including fire extinguishing equipment, alarm, communication and monitoring systems, and lawn maintenance or snow removal equipment;

- (10) Swimming pools and retaining walls, whether or not attached to the building.

b. Business Personal Property

- (1) Business Personal Property means:

- (a) All of Your Business Personal Property owned by your business; and

- (b) Personal property owned by others, that is in your care, custody or control (including leased property as provided in written lease agreement);

all while located at the premises address as shown in the Scheduled Premises section of the Property Choice Declarations.

- (2) Business Personal Property includes:

- (a) Furniture, fixtures, machinery and equipment;

- (b) "Stock";

- (c) "Computer Equipment";
- (d) "Computer Media and Data" and "Valuable Papers";
- (e) Patterns, dies, molds and forms;
- (f) Your interest in the labor, materials or services furnished or arranged by you;
- (g) "Tenant Improvements and Betterments";
- (h) Tools and equipment owned by your employees that are used in your business operations; and
- (i) Building components while removed from the premises for service or repair.

(3) Coverage applies to Business Personal Property up to 1000 feet outside the premises boundary.

2. Property Not Covered

Covered Property does not include the following:

- a. Accounts, except as covered under the Accounts Receivable Additional Coverage, bills, currency, food stamps or other evidences of debt, "money", notes or "securities". Lottery tickets held for sale are not "securities".
- b. Animals, except animals inside buildings, and:
 - (1) Owned by others and boarded by you; or
 - (2) Owned by you as "Stock".
- c. Business Personal Property does not include property:
 - (1) Owned by and for exclusive personal use by you or your officers, members, partners or employees;
 - (2) Owned by your residents, patients, or students; or
 - (3) Owned by your tenants.
- d. Contraband, or property in the course of illegal transportation or trade.
- e. Growing crops, standing timber.
- f. Grain, hay, straw or other crops which have been harvested, but are outside of buildings.
- g. Outdoor trees, shrubs, plants and sod (other than those held for sale) and lawns, except as covered under Outdoor Trees Shrubs, Sod, Plants and Lawns Additional Coverage.

h. Land (including land on which the property is located), land values, water; dams, underground mines, caverns; except water contained within any storage tank, for use in your manufacturing or processing operations.

i. Vehicles and self-propelled machines, including aircraft and watercraft, except the following are Covered Property:

- (1) Vehicles and self-propelled machines, (including aircraft and watercraft) that you manufacture, process, warehouse or hold for sale (except autos held for sale) while located at insured premises;
- (2) Vehicles and self-propelled machines, (except aircraft and watercraft) that you operate principally on your insured premises, if not licensed for use on public roads;
- (3) Canoes and rowboats while out of the water at insured premises; and
- (4) Trailers as covered under the Non-Owned Trailers Additional Coverage.

j. After delivery to customers, property that you have sold under:

- (1) Conditional sale;
- (2) Trust agreement;
- (3) Installment payment;
- (4) Other deferred payment plan; or
- (5) Other agreement under which you have retained a security interest;

except as covered under the Deferred or Installment Sales Additional Coverage.

k. Property that is more specifically covered under another coverage form of this policy or any other policy, except for the excess of the amount due (whether you can collect on it or not) from that other insurance.

3. Covered Causes of Loss

See Property Choice – Covered Causes of Loss and Exclusions Form.

4. Additional Coverages

a. Accounts Receivable

We will pay for loss or damage caused by or resulting from a Covered Cause of Loss to your records of Accounts Receivable. Accounts Receivable, means all amounts due from your customers that you are unable to collect; due to a covered loss or

damage to inscribed, printed, written or electronic records of accounts receivable. We will also pay for:

- (1) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (2) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- (3) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

The most we will pay for loss or damage to records of Accounts Receivable in any one occurrence is the applicable limit of insurance shown in the Property Choice Declarations for Accounts Receivable.

b. Brands and Labels

In the event of covered loss or damage to "Stock", that is branded or labeled, we will take all or part of the damaged property at an agreed or appraised value. This will include:

- (1) Expenses incurred to:
 - (a) Stamp salvage on the "Stock" or its containers, if the stamp will not physically damage the merchandise; or
 - (b) Remove the brands or labels, if doing so will not physically damage the "Stock". You must relabel the "Stock" and its containers to comply with the law.
- (2) Any reduction in the salvage value of the damaged "Stock" as the result of the removal of the brand or label.

The most we will pay under this Additional Coverage – Brands and Labels in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Brands and Labels.

c. "Building Glass" Repairs

In the event of covered loss or damage to "Building Glass", we will pay in any one occurrence your expenses to:

- (1) Install temporary plates or board up openings if repair or replacement of damaged "Building Glass" is delayed.

- (2) Make necessary repairs or replace the frames immediately encasing the damaged "Building Glass".

This Additional Coverage is included within the Limit of Insurance applicable to Building(s) where the loss or damage occurred.

d. Business Travel and Sales Representative Samples

We will pay for loss or damage by a covered cause of loss to Business Personal Property including Sales Representative Samples while in the custody of:

- (1) Your sales representatives; or
- (2) Any officer, employee or yourself, while traveling on authorized company business.

Business Travel Coverage does not include property owned by and for exclusive personal use by you or your officers, partners, employees, residents or students.

Property eligible for Business Travel Coverage is not eligible under any other Coverage in this Coverage Form.

The most we will pay for loss or damage to Business Travel and Sales Representative Samples in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Business Travel and Sales Representative Samples.

e. Claim Expenses

You may extend the insurance provided by this coverage form to apply to the necessary and reasonable expenses you incur in preparing claim data when we require it. Claim expenses as used in this Additional Coverage means the cost of taking inventories, making appraisals and preparing other documents that we request. The most we will pay in any one occurrence for the preparation of claim data under this Additional Coverage is the applicable limit of insurance shown in the Property Choice Declarations for Claim Expenses.

We will not pay for any expenses incurred, directed or billed by and payable to insurance adjusters or their affiliates or subsidiaries or any costs as provided in or incurred due to the GENERAL CONDITION – Appraisal.

f. Contract Penalties

We will pay for written contract penalties you are required to pay due to your failure to provide your product or service which is the direct result of a Covered Cause of Loss to covered "Stock".

The most we will pay for all penalties in any one occurrence resulting from a Covered Cause of Loss is the Contract Penalties Limit of Insurance as shown in the Property Choice Declarations for Contract Penalties. This is an additional amount of insurance.

g. Debris Removal

(1) Subject to Paragraphs (3) and (4) below, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or direct physical damage.

(2) Debris Removal does not apply to costs to:

- (a) Extract "pollutants or contaminants" from land or water; or
- (b) Remove, restore or replace polluted or contaminated land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or direct physical damage plus debris removal expense is the applicable Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(c) Subject to (3)(a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or direct physical damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional amount of insurance as shown in the Property Choice Declarations for debris removal expense, for each premises, in any one occurrence of

physical loss or physical damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or direct physical damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or direct physical damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or direct physical damage and debris removal expense may reach but will never exceed the applicable Limit of Insurance on the Covered Property that has sustained loss or damage, plus the applicable Debris Removal Additional Limit Of Insurance as shown in the Property Choice Declarations.

h. Electronic Vandalism

(1) This insurance is extended to apply in any one occurrence to loss of or damage to "Computer Equipment" and "Computer Media and Data" and software caused by or resulting from Electronic Vandalism originating anywhere in the world.

(2) Electronic Vandalism means:

- (a) The willful or malicious alteration, manipulation or destruction of "Computer Media and Data";
- (b) The addition of a virus, malicious code or similar instruction that disrupts the normal operation of "Computer Equipment" or results in physical damage or damage to "Computer Equipment" and "Computer Media and Data".

Electronic Vandalism as used in this Additional Coverage also includes loss or damage that results to "Computer Equipment" and "Computer Media and Data" from a Denial of Service Attack. Denial of Service Attack means the malicious direction of a high volume of

worthless inquiries to web site or e-mail destinations, effectively denying or limiting legitimate access.

Electronic Vandalism or Denial of Service Attack does not include the theft of telephone services or the theft of any property.

- (3) The most we will pay in any one occurrence is the applicable Electronic Vandalism limit of insurance as shown in the Property Choice Declarations. This Additional Coverage is included within the Limit of insurance applicable to the Covered Property that sustains the loss or damage.

i. Employee Personal Effects

We will pay for loss or damage caused by or resulting from a covered cause of loss to your Employee Personal Effects at a "Scheduled Premises". Employee Personal Effects means personal effects owned by you or your officers, partners, employees, members, or managers and used exclusively by the individual owner for their own personal use. This coverage does not apply at a place of residence.

The most we will pay in total in any one occurrence for all loss or damage to all employee personal effects is the applicable limit of insurance as shown in the Property Choice Declarations for Employee Personal Effects. We will not pay more than \$25,000 in total for loss or damage to personal effects belonging to any one employee in any one occurrence regardless of the number or types of personal effects damaged.

Coverage for Employee Personal Effects is extended to apply up to 1000 feet outside the premises boundary.

j. Exhibitions

We will pay for loss or damage caused by or resulting from a covered cause of loss to Business Personal Property while on temporary public display, or being used, at fairs, exhibitions, expositions or trade shows or while in transit to and from these temporary sites.

The most we will pay for all loss or damage in any one occurrence is the applicable limit of insurance for Exhibitions as shown in

Property Choice Declarations for Exhibitions.

Property eligible for Exhibitions Coverage is not eligible under any other Coverage of this Coverage Form.

k. Expediting Expenses

- (1) In the event of a Covered Cause of Loss to Covered Property at "Scheduled Premises", Newly Acquired Premises, and Unnamed Premises, we will pay for the reasonable and necessary additional expenses you incur to:

- (a) Make temporary repairs;
- (b) Expedite permanent repair or replacement of damaged property; or
- (c) Provide training on replacement machines or equipment.

This includes overtime wages, the extra cost of express or other rapid means of transportation, and expenses to bring computer systems back to operational status.

- (2) The most we will pay for loss under this Additional Coverage in any one occurrence is:

- (a) For Causes of Loss – Additional Coverage - Equipment Breakdown, the applicable Equipment Breakdown Expediting Expenses Limit of Insurance; and
- (b) For all other Covered Causes of Loss, the applicable All Other Causes of Loss Expediting Expenses Limit of Insurance;

as shown in the Property Choice Declarations.

This is an additional amount of insurance.

l. Fine Arts

We will pay for loss or damage caused by or resulting from a covered cause of loss to Fine Arts. Fine Arts mean paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, and similar property, of rarity, historical value or artistic merit, owned by you or others in your care custody or control.

Fine Arts do not include artwork that is computerized or classified as data.

The most we will pay for loss or damage in any one occurrence is the applicable limit of insurance for Fine Arts as shown in the Property Choice Declarations regardless of the number or types of Fine Arts damaged. We will not pay more than \$10,000 for any one item of Fine Arts in any one occurrence. A pair or set will be deemed to be one item.

m. Fire Department Service Charge

In the event that the fire department responds to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to the covered loss event; or
- (2) Required by local ordinance.

No deductible applies to this Additional Coverage.

The most we will pay for Fire Department Service Charge in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Fire Department Service Charge.

This is an additional amount of insurance.

n. Fire Device Recharge

- (1) In the event that a manual or automatic fire extinguishing device is discharged:

- (a) To fight a fire;
- (b) As the result of Covered Cause of Loss; or
- (c) Due to accidental discharge; we will pay expenses you incur to recharge such equipment.

- (2) We will not pay for:

- (a) Any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of such fire extinguishing device or fire fighting, suppressing or controlling substance;
- (b) Halon;
- (c) The recharge of any device used for demonstration or testing purposes; or
- (d) Recharge due to maintenance of

any device or system.

- (3) The most we will pay for Fire Device Recharge in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Fire Device Recharge.

o. "Fungus", Wet Rot, Dry Rot, Bacteria and Virus - Limited Coverage

- (1) The coverage described in o. (2) below only applies when the "fungus", wet or dry rot, bacteria or virus is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- (a) A "specified cause of loss" other than fire or lightning;
- (b) Equipment Breakdown Accident occurs to Equipment Breakdown Property, if Equipment Breakdown applies to the affected premises; or
- (c) Flood, if the Causes of Loss Flood endorsement applies to the affected premises.

- (2) We will pay for loss or damage by "fungus", wet rot, dry rot, bacteria and virus. As used in this Limited Coverage, the term loss or damage means:

- (a) Direct physical loss or direct physical damage to Covered Property caused by "fungus", wet rot, dry rot, bacteria or virus, including the cost of removal of the "fungus", wet rot, dry rot, bacteria or virus;
- (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet rot, dry rot, bacteria or virus; and
- (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet rot, dry rot, bacteria or virus are present.

(3) The coverage described under o. (2) of this Limited Coverage is limited to the applicable limit of insurance shown in the Property Choice Declarations for "Fungus", Wet Rot, Dry Rot, Bacteria and Virus - Limited Coverage. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning), Equipment Breakdown Accident that occurs to Equipment Breakdown Property and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet rot, dry rot, bacteria or virus, we will not pay more at a Premises than the total amount as indicated in the Property Choice Declarations applicable to "Fungus", Wet Rot, Dry Rot, Bacteria and Virus - Limited Coverage even if the "fungus", wet rot, dry rot, bacteria or virus continues to be present or active, or recurs, in a later policy period.

(4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet rot, dry rot, bacteria or virus, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet rot, dry rot, bacteria or virus, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot, bacteria or virus causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

The terms of this Limited Coverage do not increase or reduce the coverage provided under the Additional Coverage - Water Damage Repair of this Coverage Form.

p. Inflation Guard

In the event of a Covered cause of loss or damage to covered property at a "Scheduled Premises" the Limits of Insurance that apply to the damaged Buildings and Business Personal Property at "Scheduled Premises" where the loss or damage occurs will automatically increase by a factor based on the accumulated U.S. Government Consumer Price (CPI) Index for the months from the inception of this policy until the date of loss. But in no event will we pay more than an additional 8% of the applicable Limit of Insurance.

q. Installment or Deferred Sales

Business Personal Property coverage is extended to apply to your financial interest in property that you have sold under any deferred or installment payment plan after you have made delivery to your customer.

The most we will pay for Installment or Deferred Sales in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Installment or Deferred Sales.

r. New Construction at "Scheduled Premises"

(1) We will pay for loss or damage, including the cost of labor, caused by or resulting from a covered cause of loss to New Construction at "Scheduled Premises". New Construction at "Scheduled Premises" applies to buildings you begin to construct after the inception of this policy and will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days expire after you begin to construct the building; or
- (c) The building is specifically insured on this Coverage Form or elsewhere.

(2) We will charge you additional premium from the date you begin to construct or purchase the building.

(3) The most we will pay for New Construction at "Scheduled Premises" in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for New Construction at "Scheduled Premises".

s. Newly Acquired Property

- (1) We will pay for loss or damage caused by or resulting from a covered cause of loss to Newly Acquired Property. Newly Acquired Property means buildings or business personal property you acquire, purchase or lease after the inception of this policy, but does not include:
- (a) Any property acquired through any foreclosure process;
 - (b) Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work; or
 - (c) Any property covered by any other part of this Coverage Form.
- (2) Coverage for Newly Acquired Property will end when any of the following first occurs:
- (a) This policy expires;
 - (b) 180 days expire after you acquire the property;
 - (c) You report values to us; or
 - (d) The property is specifically insured on this Coverage Form or elsewhere.
- (3) We will charge you additional premium from the date you acquire the property.
- (4) The most we will pay for Newly Acquired Property in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Newly Acquired Property.

t. Non-Owned Trailers

Business Personal Property coverage at "Scheduled Premises", Unnamed Premises and Newly Acquired Premises is extended to apply to trailers owned by others, that are in your care, custody or control, while being loaded, unloaded, awaiting transport or used for temporary storage or similar usage, including while the trailer is moved at your premises.

This additional coverage does not apply to trailers leased by you on a temporary or long-term basis. The most we will pay for Non-Owned Trailers in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Non-Owned Trailers. This is an additional

amount of insurance. This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

u. Ordinance or Law

Value of the Undamaged Buildings, Demolition Costs and Increased Cost of Construction Coverages described in (1) and (2) below, apply as shown in the Property Choice Declarations, in the event there is a Covered Cause of Loss to covered Buildings at "Scheduled Premises" and covered "Tenant Improvements and Betterments" at "Scheduled Premises" that results in the enforcement of an ordinance or law that:

- (i) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the insured premises;
- (ii) Requires the demolition of parts of the same building that are not damaged by a Covered Cause of Loss; and
- (iii) Is in force at the time of that Covered Cause of Loss.

(1) Value of the Undamaged Buildings

We will pay for the value of the undamaged portion of the building that was required to be demolished by the enforcement of building, zoning or land use ordinance or law. We will do this on the same valuation basis that applies to the entire building. This does not include any increased costs to repair, replace or rebuild the property due to the enforcement of any ordinance or law.

This Additional Coverage is included within the Limit of Insurance applicable to the damaged Building or damaged "Tenant Improvements and Betterments".

(2) Demolition Costs and Increased Cost of Construction

- (a) We will pay the actual cost to demolish the undamaged portion of the covered building and to clear the site of the undamaged portion of the building when required to do so by the enforcement of the building, zoning or land use ordinance or law; and

- (b) If the covered building is subject to the Replacement Cost Valuation provision as shown in the Property Choice Declarations, and you rebuild the building, we will pay for the actual increased costs to repair, replace or rebuild the building at the same premises or at another premises, if required by the ordinance or law, for the same general size and same general use, to the minimum requirements of such ordinance or law.

We will not pay for these increased costs until the building is actually repaired or replaced.

You may choose to replace the Building at another premises, however, we will not pay more for increased cost of construction at the new premises than the amount of such costs we would have paid to replace the building at the original premises.

(3) Ordinance or Law Exclusions:

The following exclusions apply to both Value of Undamaged Buildings and Demolition and Increased Cost of Construction Coverages:

- (a) We will not pay for the enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants and contaminants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot, bacteria or virus; or
- (b) We will not pay for any costs associated with the enforcement of any ordinance or law which requires you or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Pollutants and Contaminants" or "fungus", wet rot, dry rot, bacteria or virus; or

- (c) We will not pay for loss due to any ordinance or law that you were required to comply with before the loss or damage, but you did not comply with, even though the building was undamaged at that time.

(4) Limits of Insurance

- (a) For Building property, the most we will pay in any one occurrence as respects this Additional Coverage at a "Scheduled Premises" is the applicable Ordinance or Law - Demolition Cost and Increased Cost of Construction Limit of Insurance stated in the Property Choice Declarations.
- (b) For "Tenant Improvements and Betterments" property, the most we will pay in any one occurrence as respects this Additional Coverage at each "Scheduled Premises" where "Tenant Improvements and Betterments" applies is 25% of the insured value of "Tenant Improvements and Betterments" up to the Ordinance or Law - Demolition Cost and Increased Cost of Construction Limit of Insurance stated in the Property Choice Declarations.

v. Outdoor Trees, Shrubs, Sod, Plants and Lawns

- (1) Outdoor trees, shrubs, sod, plants and lawns, when used for landscaping are covered only for loss or damage caused by or resulting from the following causes of loss:
- (a) Fire;
 - (b) Lightning;
 - (c) Explosion;
 - (d) Riot or civil commotion;
 - (e) Aircraft; or
 - (f) Vehicles operated by persons other than you or your employees.
- (2) The most we will pay for loss or damage in any one occurrence under this Additional Coverage is the applicable limit of insurance as shown in the Property Choice Declarations

for Outdoor Trees, Shrubs, Sod, Plants and Lawns, but not more than:

- (a) \$10,000 for any one tree, shrub or plant;
- (b) \$10,000 for lawns or sod in total at any one insured premises.

- (3) The Limit of Insurance applicable to these types of property includes their debris removal expense. Such debris removal expenses are not included in the Debris Removal - Additional Coverage.
- (4) These limits apply in any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

w. Pairs or Sets

If parts of pairs or sets of covered "Stock" are damaged by a Covered Cause of Loss, we will pay the reduction in value of the undamaged parts of such damaged pairs or sets in any one occurrence.

This Additional Coverage is included within the Limit of Insurance applicable to the damaged "Stock".

x. "Pollutants and Contaminants" Clean Up

- (1) We will pay for your expense to extract "Pollutants and Contaminants" from land or water at a "Scheduled Premises", if the discharge, dispersal, seepage, migration, release or escape of the "Pollutants and Contaminants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.
- (2) This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "Pollutants and Contaminants". But we will pay for testing which is performed in the course of extracting the "Pollutants and Contaminants" from land or water.
- (3) The most we will pay under this Additional Coverage at each "scheduled premises" is the applicable "Pollutant and Contaminant" Clean Up

Limit of Insurance shown in the Property Choice Declarations for all covered expenses arising out of Covered Causes of Loss occurring during each "Policy Year".

This is an additional amount of insurance.

y. Preservation of Property

- (1) If it is necessary to move Covered Property to preserve it from imminent loss or damage by Flood or a Covered Cause of Loss, we will pay in any one occurrence for any direct physical loss or direct physical damage to that property while being moved to or while at the temporary storage location.
- (2) This Additional Coverage will end 180 days after the property is first moved.
- (3) This Coverage is included within the Limit of Insurance applicable to the Covered Property that is moved.

z. Reward Coverage

- (1) We will reimburse you for rewards you have paid leading to:
 - (a) The successful return of substantially undamaged stolen articles to a law enforcement agency; or
 - (b) The arrest and conviction of any persons for having damaged or stolen any of your covered property.
 - (2) We will pay 25% of the covered loss (prior to the application of any applicable deductible and recovery of any stolen articles) up to the applicable limit of insurance as shown in the Property Choice Declarations for Reward Coverage in any one occurrence for the payments of rewards you make. These reward payments must be documented. No deductible applies to this additional coverage.
- This is an additional amount of insurance.

aa. Transit

- (1) This insurance is extended to apply to direct physical loss or direct physical damage to following property while in the due course of transportation:
 - (a) Your Business Personal Property; and

- (b) Business Personal Property owned by others that is in your care, custody or control.
- (2) This Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination.
- (3) We will not pay for loss or damage to property you are responsible for as a carrier for hire or property where you arrange transportation or consolidations for others.
- (4) You must retain accurate records of all shipments of Covered Property for one year.
- (5) Property eligible for this Additional Coverage is not eligible under any other Coverage in this Coverage Form.
- (6) Transit Coverage Extensions

(a) F.O.B. Shipments

We will pay for covered loss or damage to outgoing shipments, which you have sold under conditions where the risk of loss or damage is transferred to the buyer when such property leaves your premises.

You must use all reasonable means to collect the amount due you from the buyer before making a claim under this Coverage.

We will not make payment under this Coverage until you grant us the right of recovery against the buyer.

(b) Repack and Reship

We will pay the necessary additional expenses you incur to inspect, repackage and reship property damaged by a Covered Cause of Loss.

(c) General Average and Salvage Charges

In accordance with applicable law and usage, we will pay General Average and Salvage Charges that may be assessed against your covered shipments that are waterborne.

(d) Loading and Unloading

We will also pay for covered loss or damage to covered property during loading and unloading of the transporting conveyance.

(e) Return Shipments

We will also pay for covered loss or damage to outgoing shipments that have been rejected by the consignee or are not deliverable, while being returned to you.

- (7) The most we will pay for loss or damage to Your Business Personal Property in the due course of transit is the limit of insurance as shown in the Property Choice Declarations for Transit.

bb. Transition to Replacement Premises

If Covered Property is moved to a new premises from a "Scheduled Premises" being vacated, the Limit of Insurance applicable to that vacated premises will apply proportionately to both premises as the property is moved. This coverage ends when any one of the following first occurs:

- (1) 90 days after the move begins;
- (2) the move is completed; or
- (3) this policy expires.

cc. Underground Water Seepage

This insurance is extended to apply to direct physical loss or direct physical damage to Covered Property at "Scheduled Premises", Newly Acquired Premises and Unnamed Premises caused by or resulting from water under the ground surface pressing on, or flowing or seeping through:

- (1) Foundations, walls, floors or paved surfaces;
- (2) Basements, whether paved or not; or
- (3) Doors, windows or other openings.

The most we will pay for Underground Water Seepage in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Underground Water Seepage.

dd. Unnamed Premises

- (1) We will pay for loss or damage by a covered cause of loss to Buildings

and Business Personal Property while at:

- (a) Premises that you own, lease, or occupy other than at a "Scheduled Premises";
- (b) Premises not described in the Property Choice Declarations, which you do not own, lease or occupy;
- (c) Premises where you are temporarily performing work or installing Business Personal Property.

Coverage continues until the installation is accepted by the customer.

- (2) Unnamed Premises does not include any:

- (a) Premises or property covered under any other coverage or policy;
- (b) Waste disposal or transfer sites;
- (c) Property while in the due course of transit;
- (d) Intermediate site while in the due course of transportation; or
- (e) Premises of a "Web Site or Communication Services" provider.

- (3) The most we will pay in any one occurrence in total at all Unnamed Premises under this Additional

Coverage is the applicable Limits of Insurance for Unnamed Premises as shown in the Property Choice Declarations.

ee. Utility Services

- (1) We will pay for direct physical loss or direct physical damage to Covered Property at "Scheduled Premises", caused by or resulting from the interruption of utility services. The interruption must be caused by or result from direct physical loss or direct physical damage by a Covered Cause of Loss to property outside the insured premises boundaries and which provides the following utility services:

- (a) Water.
- (b) Communications, except interruption due to malfunction of satellites.

- (c) Gas, steam or electrical power.

- (2) Loss or damage caused by or resulting from damage to overhead transmission lines is either included or excluded as stated in the Property Choice Declarations.

- (3) The most we will pay for Utility Services in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Utility Services.

ff. Water Damage Repair

- (1) If we pay for loss or damage caused by the escape of water or other liquid, powder, or molten material, we will also pay the cost to tear out and replace the parts of the building or structure to repair the broken or cracked system or appliance from which such substances escaped.

- (2) We will not pay the cost to repair any defect to the system or appliance from which such substances escaped. But we will pay the cost to repair or replace damaged parts of Automatic Fire Extinguishing Systems if the damage:

- (a) Results in discharge of any substance from an automatic fire protection system; or
- (b) Is directly caused by freezing.

- (3) This Coverage is included within the applicable Covered Property Limit of Insurance.

- (4) Automatic Fire Extinguishing System means:

- (a) Any automatic fire protective or extinguishing system, including connected:

- (i) Sprinklers and discharge nozzles;
- (ii) Ducts, pipes, valves and fittings;
- (iii) Tanks, their component parts and supports; and
- (iv) Pumps and private fire protective mains.

- (b) Non-automatic fire protective systems, hydrants, standpipes and outlets, all when supplied from an automatic fire protective system.

gg. Windblown Debris

We will pay your expense to remove debris (including trees) windblown onto "Scheduled Premises" from the premises of others, that occurs during the policy period. The most we will pay in any one occurrence in total for the removal of all windblown debris under this Additional Coverage is the applicable Limit of Insurance for Windblown Debris as shown in the Property Choice Declarations. This is an additional amount of insurance.

5. Combined Additional Protection

- a. In the event of covered loss or covered damage exceeds the Limits of Insurance for the following Coverages or Additional Coverages at a "Scheduled Premises":

- (1) Accounts Receivable;
- (2) Building;
- (3) Business Personal Property;
- (4) Debris Removal - Covered Property;
- (5) Employee Personal Effects;
- (6) Fine Arts;
- (7) Leasehold Improvements (Tenant Lease Coverage);
- (8) Legal Liability - Building (Legal Liability - Building Coverage Form (PC 00 30) which attaches to and forms part of this policy.);
- (9) Outdoor Trees, Shrubs, Sod, Plants and Lawns;
- (10) Pairs or Sets;

we will pay up to the lesser of:

- (a) 25% of the total Scheduled Premises Building and Personal Property Limits of Insurance; or
- (b) \$250,000

in total in any one occurrence regardless of the number of items lost or damaged in any one occurrence for the sum of all such uninsured loss or damage in excess of the applicable deductible. You may apportion this limit among the applicable coverages as you choose.

- b. As respects items (2) Buildings and (3) Business Personal Property listed above, this Combined Additional Protection does not apply to Buildings and Business Personal Property at "Scheduled

Premises" that were not insured under this Coverage Part for limits equal to their full Replacement Cost or Actual Cash Value.

6. Tenant Lease Coverages

These Coverages apply to your interest as a tenant or to your responsibility as a tenant under a written lease agreement as a tenant at "Scheduled Premises":

a. "Building Glass"

Your Business Personal Property is extended to apply to damage to "Building Glass" caused by any cause of loss. This Coverage is included in the applicable Business Personal Property Limit of Insurance where the covered loss or covered damage occurs.

b. Lease Assessment

- (1) Your Business Personal Property is extended to apply to your share of any assessment charged to all tenants by the building owner as a result of direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to building property which is not paid in the building owners policy, as agreed to in your written lease agreement.

- (2) This Coverage is subject to a separate deductible of \$500 in any one occurrence. No other deductible applies.

- (3) We will not pay more than the applicable limit of insurance stated in the Property Choice Declarations in any one occurrence for Lease Assessment. This is an additional amount of insurance.

c. Leasehold Improvements

- (1) If your lease is canceled in accordance with a valid lease provision as the direct result of a Covered Cause of Loss to property at the location in which you are a tenant and you cannot legally remove "Tenant Improvements and Betterments" we will extend Business Personal Property coverage to apply to the unamortized value of the "Tenant Improvements and Betterments" that remains and you were forced to abandon.

- (2) The most we will pay in any one occurrence for loss under this Additional Coverage is the applicable limit of insurance stated in the Property Choice Declarations for Leasehold Improvements. This is an additional amount of insurance.

d. Miscellaneous Interior Building Property

Business Personal Property is extended to apply to miscellaneous interior Building property items that pertain only to the area you occupy as a tenant and you are required to insure as a tenant. This Coverage is included in the applicable Business Personal Property Limit of Insurance where the covered loss or covered damage occurs and applies in any one occurrence.

e. Theft Damage

Your Business Personal Property is extended to apply to damage to the building where you are a tenant and you are liable for such damages, caused by or resulting from actual or attempted "theft".

This Coverage is included in the applicable Business Personal Property Limit of Insurance where the covered loss or damage occurs and applies in any one occurrence.

B. EXCLUSIONS

See the Property Choice - Covered Causes of Loss and Exclusions Form.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Declarations, Schedules, Coverage Form(s) or Endorsement(s).

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Deductible stated in the Property Choice Declarations. We will then pay the amount of loss or damage in excess of the applicable deductible, up to the applicable Limit of Insurance.

When claim is made for loss or damage to more than one type of Covered Property, coverage, premises, or Cause of Loss and different deductible amounts apply in the same occurrence, we will only apply the largest applicable deductible for the items for which claim is made.

E. LOSS PAYMENT AND VALUATION CONDITIONS

Covered Property will be valued at either Replacement Cost or Actual Cash Value, as stated in the Property Choice Declarations and as described below except for the items listed below in item 3. Specific Property Valuations. We will not pay more than your financial interest in the lost or damaged property.

1. Replacement Cost

In the event of covered loss or damage, we will determine the value of Covered Property at the actual amount spent to repair, replace or rebuild the damaged property as of the time of the loss or damage, at the same site or another site, subject to the following:

- a. We will not pay more for lost or damaged property than the least of:

(1) The Limit of Insurance applicable to the lost or damaged property;

(2) The amount it should cost to replace, on the same premises, the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose; or

(3) The amount you actually spend that is necessary to repair or replace the lost or damaged property with other property:

(a) Of comparable material and quality; and

(b) Used for the same purpose.

(4) In the event of a total loss to Building property, you may choose to replace your building at another premises, however, we will not pay more than the cost to replace the property at the original premises.

(5) Replacement Cost does not include any increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

- b. We will pay on an Actual Cash Value basis until the lost or damaged property is actually repaired, rebuilt or replaced.

c. If you do not repair, replace or rebuild on the same site or another site within 2 years of the date of loss, we will pay you on an Actual Cash Value basis.

d. Patterns, dies, molds and forms not in current usage at actual cash value. If loss

is paid on an actual cash value basis and within 60 months from the date of the covered loss and you need to repair or replace them, we will pay you, subject to the Conditions of this insurance, the difference between actual cash value and replacement cost when the patterns, dies, molds and forms are actually repaired or replaced.

2. Actual Cash Value

a. We will pay you on an Actual Cash Value basis if:

(1) The valuation of the lost or damaged property is designated in the Property Choice Declarations as Actual Cash Value.

(2) You elect Actual Cash Value as the basis for loss payment at the time of loss or damage.

b. In the event of covered loss or damage, at our option, we will do one of the following, but not pay more than the Limit of Insurance applicable to the lost or damaged property:

(1) Pay the value of the lost or damaged property at the time of loss;

(2) Take all or any part of the property at an agreed or appraised value; or

(3) Repair, rebuild or replace the property with other property of like kind and quality, or pay you the cost to do so.

c. Actual Cash Value does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

d. If the actual amount spent to repair, replace or rebuild the damaged property as of the time of the loss is \$25,000 or less, we pay the loss or damage on the basis of the Replacement Cost provisions described in E.1. above. This Exception does not apply to the following Specific Property Valuations.

3. Specific Property Valuations

a. Accounts Receivable

We will determine the amount of Accounts Receivable loss as follows:

(1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:

(a) Determine the total of the average

monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and

(b) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

(2) The following will be deducted from the total amount of accounts receivable, however that amount of accounts receivable is established:

(a) The amount of the accounts for which there is no loss;

(b) The amount of the accounts that you are able to re-establish or collect;

(c) An amount to allow for probable bad debts that you are normally unable to collect; and

(d) All unearned interest and service charges.

b. Animals

We will determine the value of animals at the cost of replacement with animals of like kind and quality as when originally acquired by you.

c. "Building Glass"

We will determine the value of "Building Glass" at the cost of replacement with safety glazing material if required by law.

d. "Computer Media and Data" and "Valuable Papers"

We will determine the value of "Computer Media and Data" and "Valuable Papers" at the cost of:

(1) Blank materials for reproducing the records; and

(2) Labor to transcribe or copy the records and the cost to research, replace or restore the lost information, copy the records, including research and development documentation.

e. Fine Arts

We will determine the value of Fine Arts, at the least of:

(1) The market value at the time of loss or damage;

(2) The reasonable cost of repair or restoration to the condition immediately before the covered loss or damage; or

(3) The cost of replacement with substantially identical property.

For pairs or sets, we will either:

(1) Repair or replace any part to restore the value and condition of the pair or set to that immediately before the covered loss or damage; or

(2) Pay the difference between the value of the pair or set before and after the covered loss or damage.

f. Property of Others

At your option, we may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners:

(1) Such payments will only be for the account of the owner of the property and will satisfy your claims against us for the owners' property;

(2) We will not pay more than their financial interest in the property.

We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

g. "Stock"

(1) Manufactured Stock

We will determine the value of "Stock" you have manufactured at the selling price less discounts and expenses you otherwise would have incurred.

This also applies to component parts manufactured by others that will become a part of your finished product.

(2) Mercantile Stock

We will determine the value of "Stock", which you have purchased for resale and have sold but not delivered, at the selling price less discounts and expense you otherwise would have had. This does not apply to "Stock" you have manufactured.

(3) Stock in Process

We will determine the value of "Stock" in process of manufacture at the replacement cost of the raw materials, plus labor expended and the proper proportion of overhead charges.

(4) Commodity Stock

For "Stock" that is bought and sold at an established market exchange, we will determine the value at:

(a) The posted market price as of the time and place of loss;

(b) Less discounts and expenses you otherwise would have had.

h. "Tenant Improvements and Betterments"

(1) If you do not repair or replace lost or damaged "Tenant Improvements and Betterments" within 2 years, we will pay the pro rata of the Actual Cash Value based on the duration of the lease and the installation date of the property.

(2) If others pay for repairs or replacement, we will not make loss payment to you.

i. Transit

We will determine the value of property in due course of transit at:

(1) The amount of invoice plus accrued costs, prepaid charges and charges since shipment; or

(2) In the absence of an invoice, the valuation provision otherwise applicable to that type of Covered Property as of the time of loss or damage.

j. Vehicles

We will determine the value of vehicles and self-propelled machines, including aircraft and watercraft on an Actual Cash Value basis. This applies to coverage provided for trailers under the Non-Owned Trailer Additional Coverage. New vehicles and machines you have manufactured will be subject to the valuation applicable to "Stock".

4. Value Enhancements

a. Architect and Engineering Fees

The value of Covered Property will include reasonable architect and engineering fees you incur in the course of repairing or reconstructing damaged property.

b. Customs Duty, Sales Tax

The value of Covered Property will include the cost of customs duties and sales taxes to repair or replace the property.

c. Extended Warranties

The value of Covered Property, that is a total loss, will include the unused pro rata portion of non-refundable optional extended warranties or service contracts which you purchased for the property.

PROPERTY CHOICE - SPECIAL BUSINESS INCOME COVERAGE FORM (BUSINESS INTERRUPTION)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Form PC 00 90 **PROPERTY CHOICE CONDITIONS AND DEFINITIONS** for definitions.

A. COVERAGE

We will pay up to the Special Business Income Limit of Insurance stated in the Property Choice Declarations for the actual loss of Business Income you sustain and the actual, necessary and reasonable Extra Expense you incur due to the necessary interruption of your business operations during the Period of Restoration due to direct physical loss of or direct physical damage caused by or resulting from a Covered Cause of Loss to property at "Scheduled Premises". If you are a tenant, this Coverage applies to that portion of the building which you rent, lease or occupy, and extends to common service areas and access routes to your area.

1. Definitions

a. Business Income means the:

- (1) Net Income (Net Profit or Net Loss before income taxes), including Rental Income, that would have been earned or incurred; and
- (2) Continuing normal operating expenses incurred, including payroll.
- (3) For educational operations, Business Income also includes income from:
 - (a) Tuition and related student fees including room, board, laboratories and other similar fees;
 - (b) Bookstores;

(c) Athletic events; or

(d) Activity related to research grants.

(4) For manufacturing businesses, Net Income also includes the net sales value of production.

(5) For research and development operations, Business Income also includes awarded contract revenues, licensing fees, consulting fees, funding grants and progress (milestone) payments.

(6) As respects all insureds if you are operating at a Net Loss, continuing normal operating expenses will be offset by the Net Loss.

b. Extra Expense

(1) Extra Expense coverage is provided at "Scheduled Premises" only if the Property Choice Declarations show that Special Business Income coverage applies at that "Scheduled Premises".

(2) Extra Expense means the necessary and reasonable additional expenses you incur during the Period of Restoration that exceed the normal expenses that you would have incurred if there had been no

direct physical loss or no direct physical damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (a) Avoid or minimize the interruption of business and to continue business operations at the insured premises or at temporary locations, including relocation expenses and costs to equip and operate a temporary location.
 - (b) Minimize the interruption of business if you cannot continue operating.
- (3) Extra Expense Coverage does not apply to:
- (a) Any deficiencies in insuring real or personal property; or
 - (b) Any expense related to any recall of products you manufacture, handle or distribute.

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

- c. Interruption means the slowdown or cessation of any part of your business activities or the partial or total untenability of the premises.
- d. (1) Period of Restoration means the period of time that:
 - (a) Begins at the time the Covered Cause of Loss occurred; and
 - (b) Ends on the earlier of:
 - (i) The date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - (ii) The date when business is resumed at a new permanent location.

The expiration date of this policy will not cut short the Period of Restoration.

- (2) For buildings under construction or undergoing additions or alterations, if the direct physical loss or direct physical damage delays the start of business operations, the Period of Restoration will begin on the date business operations would have begun had the direct physical loss or direct physical damage not occurred.

- (3) For educational institutions, the Period of Restoration ends on the earlier of:

- (a) The day before the opening of the next school term following the date the property should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (b) The date when the school term is resumed at a new permanent location.

- (4) Period of restoration does not include any increased period required due to the enforcement of any ordinance or law that:

- (a) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "Pollutants and Contaminants", except as covered in the "Pollutants and Contaminants" Clean Up Additional Coverage; or

- (b) Regulates the construction, use or repair, or requires the tearing down of any property, except as covered in the Ordinance or Law Additional Coverage.

- e. Rental Income means Business Income that consists of:

- (1) Net Income (Net Profit or Net Loss before income taxes) that would have been earned or incurred as income from tenant occupancy of the "Scheduled Premises" as furnished and equipped by you including fair rental value of any portion of the "Scheduled Premises" which is occupied by you; and

- (2) Continuing normal operating expenses incurred in connection with that premises including:
 - (a) Payroll; and
 - (b) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
- (3) If you are operating at a Net Loss, continuing normal operating expenses will be offset by the Net Loss.

2. Additional Coverages

a. Business Travel

- (1) We will pay for the actual loss of Business Income and the necessary and reasonable Extra Expenses you incur due to loss or damage by a covered cause of loss to your Business Personal Property including Sales Representative Samples while in the custody of:
 - (a) Your sales representatives; or
 - (b) Any officer, employee or yourself;
 while traveling on authorized company business.
- (2) The most we will pay for the actual loss of Business Income and necessary and reasonable Extra Expenses you incur due to loss of Your Business Personal Property while traveling on authorized company business in any one occurrence is the applicable limit of insurance as shown in the Property Choice Declarations for Business Travel.
- (3) This Additional Coverage is Included within the Special Business Income Limit of Insurance.

b. Civil Authority

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain and necessary and reasonable Extra Expense you incur when access to your "Scheduled Premises" is specifically prohibited by order of a civil authority as the direct result of a Covered Cause of Loss to property in the immediate area of your "Scheduled Premises".

- (2) The coverage for Business Income will begin after the Waiting Period number of hours indicated in the Property Choice Declarations applicable to this Additional Coverage – Civil Authority after the order of a civil authority and coverage will end at the earlier of:
 - (a) When access is permitted to your "Scheduled Premises"; or
 - (b) 30 consecutive days after the order of the civil authority.
- (3) The coverage for Extra Expense will begin immediately after the order of a civil authority and coverage will end at the earlier of:
 - (a) When access is permitted to your "Scheduled Premises"; or
 - (b) 30 consecutive days after the order of the civil authority.

This Additional Coverage is Included within the Special Business Income Limit of Insurance.

c. CyberFlex

(1) Denial of Service

- (a) This insurance is extended to apply to the actual loss of Business Income you sustain caused by or resulting from a Denial of Service Attack. Denial of Service Attack means the malicious direction of a high volume of worthless inquiries to web site or email destinations, effectively denying or limiting legitimate access.
- (b) This Additional Coverage applies to Denial of Service Attacks:
 - (i) That originate anywhere in the world; and
 - (ii) Whether or not there has been any physical damage to data or software.
- (c) Denial of Service does not include loss of income from the theft of telephone services or the theft of any property.
- (d) We will not pay for any loss of Business Income that you sustain during the applicable Number of

Hours stated in the Property Choice Declarations that immediately follow the time when you first discovered the Denial of Service Attack.

- (e) The most we will pay for the sum of all loss in any one occurrence under this Additional Coverage is the applicable Limit of Insurance stated in the Property Choice Declarations for Denial of Service. This is an additional amount of insurance.

(2) Electronic Vandalism

- (a) This insurance is extended to apply to the actual loss of Business Income you sustain and necessary and reasonable Extra Expense you incur caused by or resulting from Electronic Vandalism originating anywhere in the world.

Electronic Vandalism means:

- (i) the willful or malicious alteration, manipulation or destruction of "Computer Media and Data"; or
- (ii) the addition of a virus, malicious code or similar instruction that disrupts the normal operation of "Computer Equipment" or results in physical damage to "Computer Equipment" and "Computer Media and Data".
- (b) Electronic Vandalism does not apply to any loss due to a Denial of Service Attack.
- (c) Electronic Vandalism does not include loss of income from the theft of telephone services or the theft of any property.
- (d) We will not pay for any Business Income loss that you sustain during the applicable number of hours stated in the Property Choice Declarations that immediately follow the time when you first discovered the Electronic Vandalism. This Waiting Period does not apply to Extra Expense.

- (e) This Additional Coverage is included within the Special Business Income Limit of Insurance.

(3) Good Faith Advertising Expense

- (a) If we make payment for a covered loss caused by or resulting from Denial of Service or Electronic Vandalism as provided under the Denial of Service, Electronic Vandalism or Web Site and Communication Services Additional Coverages, we will pay for the reasonable advertising expenses you incur solely to regain customer faith and approval.
- (b) The most we will pay for the sum of all reasonable expenses under this Additional Coverage in any 12 month time period is \$25,000. This is an additional amount of insurance.

(4) Web Site and Communication Services

- (a) This insurance is extended to apply to the actual loss of Business Income you sustain and the necessary and reasonable Extra Expense you incur caused by direct physical loss or direct physical damage by a Covered Cause of Loss including loss or damage caused by or resulting from Electronic Vandalism or Denial of Service to property that you depend on for Internet and Communications Services.

Internet and Communications Services means:

- (i) Internet access, email, web hosting and application software services at the premises of others; or
- (ii) Communications and router infrastructure services, including telephone, cable and wireless, located outside your premises boundary.

(b) We will not pay for any Business Income loss under this Additional Coverage that you sustain during the applicable number of hours stated in the Property Choice Declarations that immediately follow the time when you first discovered the Covered Cause of Loss. This Waiting Period does not apply to Extra Expense.

(c) The most we will pay for the actual loss of Business Income and necessary and reasonable Extra Expense in any one occurrence under this Additional Coverage is the lesser of:

(i) The amount of the actual loss of Business Income you sustain during the 30 day period immediately following the Waiting Period and the necessary and reasonable Extra Expense you incur when you first discovered the Covered Cause of Loss (during the Waiting Period) and for a 30 day period immediately following the Waiting Period; or

(ii) The applicable Web Site and Communication Services Limit of Insurance stated in the Property Choice Declarations.

(d) With respect to Web Sites, this coverage applies only if you have a back-up copy of your Web Page stored at a location other than the site of the Web Site vendor.

(e) This is an additional amount of insurance.

d. Dependent Properties

(1) This insurance is extended to apply to the actual loss of Business Income you sustain and necessary and reasonable Extra Expense you incur at a "Scheduled Premises" due to direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss to Dependent Properties.

Dependent Properties means property at premises owned and operated by others that you depend on to:

(a) Deliver materials or services to you, or to others for your account (Contributing Location);

(b) Accept your products or services (Recipient Location);

(c) Manufacture products for delivery to your customers under contract of sale (Manufacturing Location): or

(d) Attract customers to your business premises (Leader Locations).

(2) Dependent properties do not include:

(a) Any water or gas, steam or electric power, or any other utility service; or

(b) Any type of web site, communication or internet service.

(3) (a) Coverage for Business Income will begin after the number of hours indicated in the Property Choice Declarations applicable to this Additional Coverage after the time of direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss at the premises of the Dependent Property.

(b) The coverage for Extra Expense will begin immediately after the time of direct physical loss or direct physical damage caused by or resulting from a Covered Cause of Loss at the premises of the Dependent Property.

(c) This Additional Coverage will end when:

(i) The Dependent Property should be rebuilt or replaced with reasonable speed and similar quality; or

(ii) The applicable limit of insurance is exhausted.

- (4) The most we will pay for the sum of all actual loss of Business Income and necessary and reasonable Extra Expense you incur in any one occurrence regardless of the types or number of dependent properties involved in any one occurrence under this Additional Coverage is the applicable Dependent Properties Limit of Insurance stated in the Property Choice Declarations. This is an additional amount of insurance.

e. Extended Income

- (1) If the necessary suspension of your operations (applies to all operations except educational institutional operations) produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "Stock" you have finished manufacturing) is actually repaired, rebuilt or replaced and business operations are resumed; and

- (b) Ends on the earlier of:

- (i) The date you could restore your business operations, with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or direct physical damage had occurred; or

- (ii) The number of days stated in the Property Choice Declarations that immediately follows after the date determined in (1) (a) above.

- (2) As respects educational operations, the following applies:

In the event of a covered Business Income loss, we will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if that date is 60 days or less before the scheduled opening of the next school term.

- (3) However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the insured premises are located.

- (4) Loss of Business Income must be caused by direct physical loss or direct physical damage at the insureds premises caused by or resulting from any Covered Cause of Loss.

- (5) This Additional Coverage is included within the Special Business Income Limit of Insurance.

f. "Fungus", Wet Rot, Dry Rot, Bacteria and Virus – Limited Coverage

- (1) The coverage described in f. (2) below only applies when the "fungus", wet rot, dry rot, bacteria or virus is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- (a) A "specified cause of loss" other than fire or lightning;

- (b) Equipment breakdown accident occurs to Equipment Breakdown Property, if Equipment Breakdown applies to the effected premises; or

- (c) Flood, if the Causes of Loss - Flood endorsement applies to the effected premises.

- (2) The following (2)(a) or (2)(b) applies only if Business Income and/or Extra Expense coverage applies to the "Scheduled Premises" and only if the necessary interruption of your business operations satisfies all terms and conditions of this coverage form.

- (a) If the loss which results in "fungus", wet rot, dry rot, bacteria or virus does not in itself necessitate a necessary interruption of your business operations, but such interruption

is necessary due to loss or damage to property caused by "fungus", wet rot, dry rot, bacteria or virus, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

- (b) If a covered necessary interruption of your business operations was caused by loss or damage other than "fungus", wet rot, dry rot, bacteria or virus prolongs the Period of Restoration, we will pay for loss and/or expense sustained during the delay (regardless of when such delay occurs during the period of restoration), but such coverage is limited to 30 days in total. The days need not be consecutive.

- (c) This Additional Coverage is included within the Special Business Income Limit of Insurance.

g. Future Earnings

- (1) In the event of covered Business Income loss, we will pay for the actual reduction in Business Income you subsequently and necessarily sustain after the Period of Restoration and the Extended Income period ends and that reduction in Business Income is directly attributable to the Covered Cause of Loss occurrence.
- (2) However, Future Earnings does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the insured premises are located.
- (3) This coverage will apply to the actual reduced business income you sustain within 2 years from the date the Covered Cause of Loss occurred.
- (4) This Additional Coverage is included within the Special Business Income Limit of Insurance.

h. Lessor's Tenant Move Back Expenses

- (1) In the event that your tenants must temporarily vacate the covered Building property at "Scheduled Premises" due to untenability caused by direct physical loss or direct physical damage by a Covered Cause of Loss to the covered Building, we will pay for the following expenses you actually incur to move those tenants back into your covered Building. We will only pay for the following expenses:
- (a) Packing, transporting and unpacking the tenants' Business Personal Property, including the cost of insuring the move back and any necessary assembly or setup of furniture and equipment, and
- (b) The net cost to re-establish the tenants' utility and telephone services, after any refunds due the tenants.
- (2) We will only pay for these expenses that you actually incur within 60 days from the date that the damaged building has been repaired or rebuilt and if needed a certificate of occupancy has been granted.
- (3) The most we will pay the sum in any one occurrence of covered loss under this Additional Coverage is the applicable Limit of insurance shown in the Property Choice Declarations for Lessor's - Tenant Move Back Expenses. This is an additional amount of insurance.

i. Machinery Testing and Training

In the event it was necessary to replace machinery damaged by a Covered Cause of Loss, we will extend the Period of Restoration to include:

- (1) The additional time to test that replacement machinery; and
- (2) The additional time to train employees on the differences in operating the damaged machinery and the replacement machinery.

This Additional Coverage is included within the Special Business Income Limit of Insurance.

j. Newly Acquired Premises

- (1) We will pay for the actual loss of Business Income you sustain due to loss or damage caused by or resulting from a covered cause of loss to Newly Acquired Premises. Newly Acquired Premises means premises you acquire, purchase or lease after the inception of this policy, but does not include:

- (a) Any premises acquired through any foreclosure process;
- (b) Any premises of others where you are temporarily working, such as installing property or performing maintenance or service work; or
- (c) Any premises covered by any other part of this Coverage Form.

- (2) Insurance for each Newly Acquired Premises will end when any of the following first occurs, but will not cut short the Period of Restoration:

- (a) This policy expires;
- (b) 180 days expire after you acquire the property;
- (c) You report values to us; or
- (d) The property is more specifically insured.

We will charge you additional premium from the date you acquire the premises.

- (3) The most we will pay for loss in any one occurrence is the applicable limit of insurance shown in the Property Choice Declarations for Newly Acquired Premises.

k. Ordinance or Law - Increased Period of Restoration

- (1) If a Covered Cause of Loss occurs to property at "Scheduled Premises", coverage is extended to include the amount of the actual loss of Business Income and necessary and reasonable Extra Expense you incur during the increased period of suspension of operations caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the insured premises;

(b) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

- (2) Coverage is not extended under this Additional Coverage to include loss caused by or resulting from the enforcement of any ordinance or law:

(a) Which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot, bacteria or virus; or

(b) Which requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "Pollutants and Contaminants", "fungus", wet or dry rot, bacteria or virus.

This Additional Coverage is included within the Special Business Income Limit of Insurance.

l. "Pollutants and Contaminants" Clean Up

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain and necessary and reasonable Extra Expense you incur if business operations are interrupted due to the enforcement of any ordinance or law that requires you to extract "Pollutants and Contaminants" from land or water at "Scheduled Premises" caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

- (2) Such loss must be reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.
- (3) The most we will pay for the sum of all Business Income and Extra Expense in any one "Policy Year" under this Additional Coverage is the applicable "Pollutants and Contaminants" Clean Up Limit of Insurance stated in the Property Choice Declarations. This is an additional amount of insurance.

m. Transit

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain and necessary and reasonable Extra Expense you incur caused by direct physical loss of or direct physical damage to the following property while in the due course of transportation:
 - (a) Your Business Personal Property; and
 - (b) Business Personal Property owned by others that is in your care, custody or control.
- (2) This Coverage will continue to apply to such property in the due course of transit, after the expiration or cancellation of this policy, until arrival at and accepted by an authorized representative at the invoiced destination, but for no longer than 30 days after the date of the shipment origination, but this will not cut short the Period of Restoration.
- (3) You must retain accurate records of all shipments of Covered Property for one year.
- (4) The most we will pay for the sum of all Business Income and Extra Expense in any one occurrence under this Additional Coverage is the applicable Limit of Insurance stated in the Property Choice Declarations for Transit. This is an additional amount of insurance.

n. Unnamed Premises

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain and necessary and

reasonable Extra Expense you incur caused by direct physical loss of or direct physical damage by a covered cause of loss to Property while at:

- (a) Premises that you own, lease, or occupy other than at a "Scheduled Premises";
 - (b) Premises not described in the Property Choice Declarations, which you do not own, lease or occupy;
 - (c) Premises where you are temporarily performing work or installing Business Personal Property and your insurable interest continues until the installation is accepted by the customer.
- (2) Unnamed Premises does not include any:
 - (a) Premises or property covered under any other coverage of this Coverage Form;
 - (b) Waste disposal or transfer sites;
 - (c) Intermediate site while in the due course of transportation; or
 - (d) Premises of a "Web Site or Communication Services" provider.
 - (3) The most we will pay for the sum of all actual loss of Business Income and necessary and reasonable Extra Expense you incur in any one occurrence at all Unnamed Premises under this Additional Coverage is the applicable Limit of Insurance stated in the Property Choice Declarations for Unnamed Premises. This is an additional amount of insurance.

o. Utility Services

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain and necessary and reasonable Extra Expense you incur at "Scheduled Premises", "Newly Acquired Premises" and "Unnamed Premises" caused by the interruption of utility services.

The interruption must result from direct physical loss or direct physical

damage by a Covered Cause of Loss to property outside the insured premises boundary and which provides the following utility services:

- (a) Water;
 - (b) Gas, steam; or
 - (c) Electrical power.
- (2) This Additional Coverage does not apply to the Dependent Properties Additional Coverage.
 - (3) Loss resulting from damage to overhead electrical transmission lines is either included or excluded as stated in the Property Choice Declarations.
 - (4) We will not pay for Business Income loss you sustain during the applicable Number of Hours stated in the Property Choice Declarations that immediately follow after the Covered Cause of Loss. This Waiting Period does not apply to Extra Expense.
 - (5) The most we will pay for the sum of all actual loss of Business Income and necessary and reasonable Extra Expense you incur in any one occurrence under this Additional Coverage is the applicable Utility Services Limit of Insurance stated in the Property Choice Declarations. This is an additional amount of insurance.

B. COVERED CAUSES OF LOSS, EXCLUSIONS AND LIMITATIONS

- 1. See Property Choice - Covered Causes of Loss and Exclusions Form.
- 2. The following Exclusions apply in addition to the Exclusions found in the Property Choice - Covered Causes of Loss and Exclusions Form to this Coverage Form:

a. Contract, Lease or License Cancellation

We will not pay for any increase of loss caused by or resulting from suspension, lapse or cancellation of any contract, lease or license (including consultation and funding grants). But if such suspension, lapse or cancellation is directly caused by a covered interruption of business operations, we will pay for

such loss only as described in Period of Restoration Definition, A.1.d., and Extended Income Additional Coverage, A.2.e., as contained herein.

b. Finished "Stock"

We will not pay for any loss caused by or resulting from damage or destruction of or the time required to reproduce "Stock" you have finished manufacturing.

c. Satellite Communications

We will not pay for any loss caused by or resulting from the disruption of communications to or from any satellite however caused. But this exclusion does not apply to land based satellite dishes.

d. Strike Interference

We will not pay for any increase of loss caused by or resulting from delay in rebuilding, repairing or replacing the property or resuming business operations, due to interference at the location of the rebuilding, repair or replacement by strikers or other persons.

C. LIMITS OF INSURANCE

The most we will pay for loss in any one occurrence is the smallest applicable Limit of Insurance shown in the Property Choice Declarations, Schedules, Coverage Form(s) or Endorsement(s).

D. DEDUCTIBLE

We will not pay for loss in any one occurrence until the amount of loss exceeds the applicable Deductible stated in the Property Choice Declarations. We will then pay the amount of loss in excess of the deductible, up to the applicable Limit of Insurance. This Deductible applies in addition to any Waiting Period.

E. LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Property Choice Conditions:

1. Resumption of Business

If you intend to continue in business, you must resume all or part of your business operations as quickly as possible.

2. Loss Determination

a. Business Income

The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or direct physical damage occurred;
- (2) The likely Net Income of the business if no physical loss or no physical damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses.
- (3) The operating expenses, including payroll expenses, necessary to resume business operations with the same quality of service that existed just before the direct physical loss or direct physical damage, except if modified by endorsement to this policy; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

b. Extra Expense

The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by business operations during the Period of Restoration if no direct physical loss or if no direct physical damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the Period of Restoration, once business operations are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance.
- (2) All necessary and reasonable expenses that reduce the Business Income otherwise incurred.

3. Reductions in Amount We Pay

- a. We will reduce the amount of the Business Income loss payment to the extent you can resume your business operations, in whole or in part, by using:
 - (1) Damaged or undamaged property (including merchandise or "stock") at the insured premises or elsewhere;
 - (2) Any other available source of materials or other outlet for your products.
- b. We will reduce the amount of Extra Expense loss payment to the extent you can return operations to normal and discontinue Extra Expenses.
- c. If you do not resume business operations, or do not resume business operations as quickly as possible, we will pay based on the length of time it would have taken to resume business operations as quickly as possible.
- d. We will reduce the amount of the Business Income loss payment to extent that the reduction in volume of business income from the affected income channel is offset by an increase in the volume of business from other income channels.



PROPERTY CHOICE CONDITIONS AND DEFINITIONS

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to section C. **DEFINITIONS**.

The following conditions apply to all coverages that are a part of the Property Choice Coverage Part or Property Choice Policy and are in addition to the Common Policy Conditions unless stated otherwise in coverage forms and endorsements.

A. GENERAL CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Application of Waiting Period

In the event that more than one Waiting Period is applicable, we will apply only the longest waiting period.

3. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim on the grounds that it is not covered under this policy.

4. Claim Settlement

- a. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

- b. We will pay for covered loss or damage within 30 days after we receive your sworn proof of loss, if you have complied with all of the terms of this Coverage Part; and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

5. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud by you as it relates to this coverage at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Part;
- b. The property covered under this insurance;
- c. Your interest in the property covered under this insurance; or
- d. A claim under this Coverage Part.

6. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more premises will not affect coverage at any premises where, at the time of loss or damage, the breach of condition does not exist.

7. Coverage Territory

The coverage territory is the United States of America (including its territories and possessions); Puerto Rico; and Canada.

Exceptions:**a. Business Travel**

For Business Travel coverage, the Coverage Territory is anywhere in the world.

b. Exhibitions

For Exhibition coverage, the Coverage Territory is anywhere in the world.

c. Transit

For property in transit, the Coverage Territory is within and between the United States of America, (including its territories and possessions), Puerto Rico and Canada; however, waterborne shipments are covered only if on inland waterways or in territorial waters, within 12 miles of land.

8. Equipment Breakdown - Suspension

When any Equipment Breakdown Property is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an Equipment Breakdown Accident to that equipment. We can do this by mailing or delivering a written notice of suspension to your address as stated in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

9. Equipment Breakdown - Jurisdictional Inspections

If any Equipment Breakdown Property requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

10. Errors in Description

Any unintentional error in the description of the occupancy or location address of Covered Property will not impair this insurance, provided you report the error to us as soon as the error becomes known to you.

11. If Two or More Coverages Apply

If two or more coverages in this policy apply to the same loss or damage, we will not pay more than the actual amount of loss damage.

12. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- a. There has been full compliance with all of the terms of this Coverage Part; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

For coverage under the Business Crime Coverage Forms, the words **the direct physical loss or damage occurred** are replaced by the words **you discover the loss**.

13. Liberalization

If we adopt any revision that would broaden this Coverage Part, without additional premium, within 45 days prior to inception of this policy or during this policy period, the broadened coverage will immediately apply to you.

14. Loss Payee

- a. For Covered Property in which both you and the Loss Payee - Standard stated in the Declarations have an insurable interest, we will:

- (1) Adjust losses with you; and
- (2) Pay any claim for loss or damage jointly to you and the loss payee, as interests may appear.

- b. If we cancel this policy, we will give written notice to the loss payee at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- (3) If we elect not to renew this policy, we will give written notice to the loss payee at least 10 days before the expiration date of this Coverage Part.

15. Mortgageholders and Lender Loss Payees

- a. We will pay each of the following for their interest in covered loss or damage, as stated in the Declarations in the order of their precedence, as their interest may appear:

- (1) **Mortgageholder** for their interest in buildings or structures. The term mortgageholder includes trustees.
- (2) **Lender** for their interest as a creditor, established by such written

instruments as warehouse receipts, a contract for deed, bills of lading, financing statements; or mortgages, deeds of trust, or security agreements.

- b. The applicable mortgageholder or lender has the right to receive loss payment even if they have started foreclosure or similar action on the property.

- c. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the applicable mortgageholder or lender will still have the right to receive loss payment if such mortgageholder or lender:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder or lender.

All of the terms of this Coverage Part will then apply directly to the mortgageholder or lender.

- d. If we pay the mortgageholder or lender for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's or lender's right to recover the full amount of their applicable claims will not be impaired.

At our option, we may pay to the mortgageholder or lender the whole principal on the mortgage or debt plus any accrued interest. In this event:

- i. For mortgageholder relationships, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us;
- ii. For lender relationships, you will pay your debt to us.
- e. If we cancel this policy, we will give written notice to the mortgageholder or lender at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- f. If we elect not to renew this policy, we will give written notice to the mortgageholder or lender at least 10 days before the expiration date of this Coverage Part.

16. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

17. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

18. Policy Period

In this Coverage Part, we only cover direct physical loss or direct physical damage which occurs during the policy period stated in the Declarations.

For coverage under the Business Crime Coverage Forms, see the Discovery Crime General Condition, in the Crime Common Conditions and Exclusions Form.

19. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable Limit of Insurance.

You will pay us the amount of all recoveries of Accounts Receivable you receive for a loss paid by us. But any recoveries in excess of the amount we have paid belong to you.

20. Transfer of Rights of Recovery Against Others To Us (Subrogation)

If any person or organization to whom or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a covered loss or damage, or
- b. After a covered loss only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm that you own or control;
 - (3) A business firm or individuals, that owns or controls you; or
 - (4) Your tenant.

This written waiver will not restrict your insurance.

Exceptions:

- (i) For their interest in building repair or construction, you may not waive your rights to recover damages from architects or engineers except as agreed to in writing by us.
- (ii) For property in the due course of transportation, we will not pay for loss or damage if you impair our rights to recover damages from any carrier for hire, bailee or third party.

However, you may accept bills of lading, receipts or contracts of transportation from carriers for hire, which contain a limitation of value.

B. YOUR GENERAL DUTIES IN EVENT OF LOSS

1. In event of loss or damage, you must see that the following are done:
 - a. **Notify Police**
Notify the police if a law may have been broken.
 - b. **Notify Us**
Give us prompt notice of the loss or damage. Include a description of the property involved.
As soon as possible, give us a description of how, when and where the loss or damage occurred.
We will not deny coverage due to your

unintentional failure to notify us about the occurrence of loss or damage provided notice is give as soon as practicable after you become aware of such loss or damage.

c. Protect Property

Take all reasonable steps to protect the property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the applicable Limit of Insurance.

Also, if feasible, set the damaged property aside and in the best possible order for examination.

d. Take Inventory

At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

e. Inspect Property, Books

As often as may be reasonably required, permit us to:

- (1) Inspect the damaged and undamaged property and take samples for testing and analysis.
- (2) Examine and make copies of your books and records including electronic records and data.

f. Proof of Loss

Send us a signed, sworn proof of loss containing the information we request during our investigation of your claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

g. Cooperate

Cooperate with us in the investigation or settlement of the claim.

2. Examination Under Oath

We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

C. DEFINITIONS

1. **"Building Glass"** means glass that is part of the building or structure, including solar

heating panels, glass building blocks, skylights, glass doors and windows and their encasement frames, alarm tape, lettering and ornamentation.

This does not include art glass, half tone screens, lenses, memorial windows, mosaic art, rotogravure screens or any stained glass.

2. **"Computer Equipment"** includes the following equipment:

- a. Computer hardware, including micro-processors and related component parts;
- b. Peripheral equipment, such as printers and modems;
- c. Computer network equipment; and
- d. Electronic communications equipment.

3. **"Computer Media and Data"** means:

- a. Prepackaged software programs and instructional material purchased for use with your computer system;
- b. Electronic data processing, recording or storage media such as films, tapes, cards, discs, drums or cells; and
- c. Data and programming records used for electronic data processing or electronically controlled equipment stored on such media.

"Computer Media and Data" does not mean "Money" or "Securities".

4. **"Employee"** as respects the Business Crime Coverages means:

- a. Any natural person:
 - (1) While in your service (and for 60 days after termination of service); and
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you. This includes temporary substitutes for permanent employees and persons under long term labor leases;
- c. Any natural person who is your partner or "Member" of the Named Insured stated in the Declarations;
- d. Any natural person, including your directors or trustees, whether or not compensated,

while performing services for you as the chairperson or member of any committee;

- e. Any natural person who is acting as a non-compensated officer;
- f. Any natural person, who is a director or trustee, while acting as a member of any of your elected or appointed committees or while acting with the scope of the usual duties of an "Employee";
- g. Any natural person who is a non-compensated volunteer, other than one who is a fund solicitor, while performing services for you that are usual to the duties of an "Employee";
- h. Any natural person who is a former employee, director, partner, member, representative or trustee retained as a consultant while performing services for you;
- i. Any natural person who is a student intern who is pursuing studies or acting within the scope of the usual duties of an "Employee";
- j. Any natural person, who is a student enrolled in your facility, while handling or has possession of property or funds in connection with sanctioned student activities;
- k. The spouses of and children over 18 years old who reside with any "Employee" who is a building manager, superintendent or janitor.

Each family is deemed to be, collectively, one "Employee" for the purposes of this insurance, except that any Termination Condition applies individually to the spouse and children.

Excluded Persons

Except as specifically included above as an "Employee", "Employee" does not mean an:

- (1) Agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
 - (2) Any manager, director, partner, member or trustee, except while acting within the scope of the usual duties of an "Employee".
5. **"Fungus"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

6. **"Member"** means an owner of a limited liability company represented by its membership interest, including those who may also serve in a directorial capacity.
7. **"Money"** means:
 - a. Currency, coins and bank notes; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
8. **"Policy Year"** means the period of time that:
 - a. Begins with the inception or anniversary date of this policy; and
 - b. Ends at the expiration or at the next anniversary date of this policy.
9. **"Pollutants and Contaminants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemical and waste, or any other material which causes or threatens to cause physical loss, damage, impurity to property, unwholesomeness, undesirability, loss of marketability, loss of use of property or which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed.
10. **"Scheduled Premises"** means any premises listed by location address in the Scheduled Premises section of the Declarations.
11. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "Money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter); and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not of your own issue;
 but does not include "Money".
 Lottery tickets held for sale are not "Securities".
12. **"Sinkhole Collapse"** means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations.
 This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into man-made underground cavities.
13. **"Specified Causes of Loss"** means fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; "Sinkhole Collapse"; "Volcanic

Action"; falling objects; weight of snow, ice or sleet; water damage, "Sprinkler Leakage"; "Theft"; or "Building Glass" breakage.

- a. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall or the building structure is first damaged by a falling object.
- b. Water damage means the damage resulting from the accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.

For property in transit, "Specified Causes of Loss" also means:

- (1) "Flood"; or earth movement;
 - (2) Collision, upset, derailment or overturn of the transporting conveyance;
 - (3) Collapse of bridges, trestles, roadways, docks, piers, wharves or bulkheads; or
 - (4) Stranding, sinking, burning or collision of the transporting conveyance, but only while waterborne by public carriers for hire.
14. **"Sprinkler Leakage"** means a leakage or discharge of any substance from an "Automatic Fire Extinguishing System", including collapse of a tank that is part of the system.
 15. **"Stock"** means merchandise held in storage or for sale, raw materials, and goods in-process or finished.
 16. **"Tenant Improvements and Betterments"** means fixtures, alterations, installations or additions made a part of the Building you occupy but do not own; and:
 - a. Made at your expense; or
 - b. You acquired from the prior tenant at your expense; and
 you cannot legally remove.
 Tenant Improvements and Betterments includes fences, signs, and radio or television towers, antennas and satellite dishes (including attached equipment).
 17. **"Theft"** means any act of stealing.

18. "Valuable Papers" means:

Inscribed, printed or written documents, manuscripts, patterns or records including abstracts, books, deeds, drawings, films, maps or mortgages.

"Valuable Papers" does not mean:

- (1) "Money" or "Securities", whether or not in current circulation
- (2) Property that cannot be replaced with other property of like kind and quality.

19. "Volcanic Action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Airborne volcanic blast or airborne shock waves;

- b. Ash, dust or particulate matter; or

- c. Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to property.